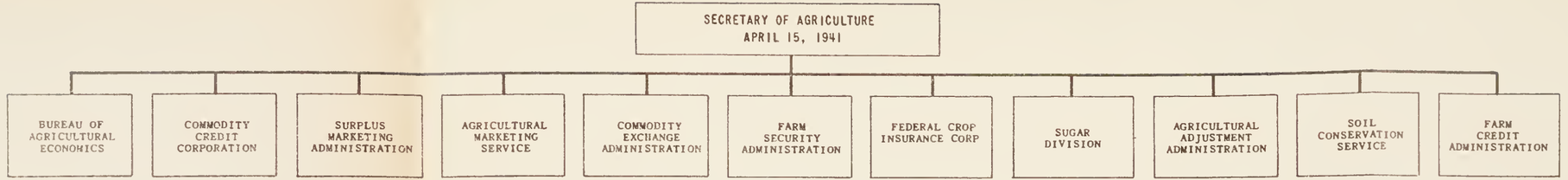
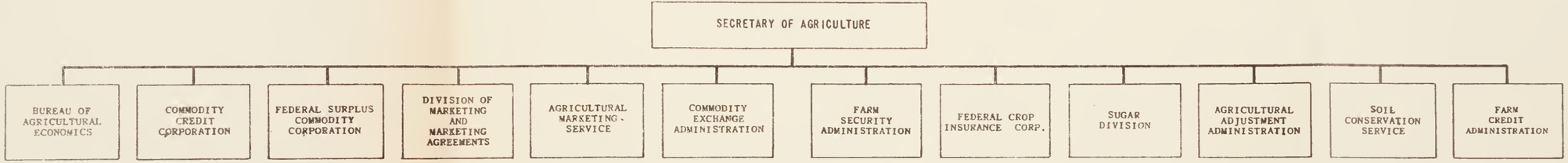

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HISTORY OF UNITED STATES FOOD ADMINISTRATION 1917-1919

By William Clinton Mullendore

With an introduction by Herbert Hoover and a foreword and bibliography by Ralph H. Lutz. Published 1940, Standard University Press.

"The duty of the food administration fell into two parts; first, to organize the service and self-denial of the American people so as to supply the Allies with foodstuffs during the war and all Europe after the Armistice; second, to control so far as its authority extended the distribution of foodstuffs at home and to limit speculation in them."

Three criteria might be used to evaluate the work of the food administration:

1. Did food production increase?

2. Did the cost of living remain relatively stable?

3. Was the food supply so distributed as to carry our people and the Allies in health, strength, and morale to victory?

The situation. Former sources of supply from Russia, Roumania, Bulgaria, Serbia, and Turkey were cut off. Shipping had been destroyed to such an extent as to necessitate reduction of transport from Australia, China, and the Argentine. At the time of our entry into the war Allied stocks of essential food had been reduced to six or eight weeks' supplies. The American food supply was short only in sugar, vegetable oils, and coffee. Our carry-over of bread grains was 23 million bushels at July 1, 1917--for the harvest year ending July 1918 it was estimated that the Allies needed 12 million tons of animal products, cereals, and sugar. No effective stimulation of production was possible for 1917 planting. This resulted in the necessity for reduction in United States food consumption and waste.

Problems confronting the Government.

I. To increase exports of critical commodities
   A. By reduction of waste in consumption and by substitution of surplus commodities for those required abroad
   B. By increased production

2--History of United States Food Administration

II. To reduce speculation and profiteering and to assure stability in prices so far as possible
III. To control food exports and imports in order to
  A. Provide maximum supplies to the Allies
  B. Protect our own import supplies
  C. Secure fair returns from neutrals eliminating those who could obtain supplies elsewhere
  D. Minimize leakage to Germany
  E. Control all buying in our own markets as a means of supporting assurance given our farmers and of preventing profiteering

To effect these purposes the following acts were passed:

Lever Act-August 10, 1917
Food Survey Act--August 10, 1917
Embargo Act--June 15, 1917 and October 6, 1917

The Food Administration was created by Executive Order on August 10, 1917--

Plan or organization. The central organization was divided roughly into:

1. Division of Cereals
2. Meats and Fats Division
3. Vegetables and Fruits Division
4. Division of Seafood
5. Division of Dairy Products
6. Division of Sugar
7. Division of Enforcement of Regulations
8. Division of Exports and Imports
9. Division of Storage
10. Division of Conservation
11. Division of Railway Transportation
12. Division of Overseas Transport
13. Division of Distribution
14. Division Coordinated Allies Army and Navy Purchases

15. Division of States Relations

16. Division of Licensing

17. Division of Statistics

A dozen interdepartmental boards were set up to secure coordination between the Food Administration and other departments of the Government.

Joint boards for coordination of activities with the Allies were established to determine needs, programs, and policies.

Hundreds of voluntary committees of women, scientists, farmers, stockmen, dairymen, and the food tradesmen were set up for advice and cooperation in various lines of activity.

With the approval of the governor, a federal food administrator was appointed in each State, and he in turn selected a local administrator in every county and large city.

An advisory board of farmers was created with divisions devoted to grain, livestock, and dairy produce.

Special committees of cottonseed, rice, and sugar growers in different parts of the country were similarly created.

The State, county, and city food administrators created numerous advisory committees in matters of distribution, production, conservation, price determination, and control of speculation.

Especially noteworthy were the joint committees of consumers and distributors established in practically every city with useful achievements in many directions.

Two corporations were created:

1. Grain Corporation, capital $150,000,000. Purpose--the purchase and sale of food under the Lever Act.

2. Sugar Equalization Board, capital $5,000,000. Purpose--control of Cuban Sugar and its distribution in the United States.

Profits of the Grain Corporation and Sugar Board during the period of the Food Administration operation at home and abroad exceeded $60,000,000.

4--History of United States Food Administration

Stimulation of production. The duty of stimulating production was naturally assigned to the Department of Agriculture. Its activities took the form of advice and patriotic appeal to farmers, and in the latter the Food Administration joined through its large voluntary organization. The Food Administration had an equally important field in stimulation to production through its ability to influence prices.

Reduction in waste in consumption. The food supplies of the world were gradually shrinking due to the war. This made it imperative to eliminate all waste and to stop consumption further in the particular commodities needed abroad. The Allies wanted rationing in America, but Hoover and his colleagues substituted "self sacrifice."

Stabilization of prices. The Administration sought to influence prices through controlling the volume of demand and the price offered by dominant buyers in many commodities instead of price fixing.

A second objective was to control the margins between purchases and sales in each trade so as to prevent the widening of the margins between farmer and consumer.

By stipulating the margins at each link of the distribution chain, the possible spread was greatly reduced. By the control of storage, the limitation of speculative action in the produce exchanges, and direct action against profiteering, powerful influences in prevention of great price fluctuations were brought to bear.

The economic policy of the Administration was therefore to stabilize prices and reduce speculative profits by purely commercial pressures and business methods as distinguished from legal regulations.

The food law gave no power to control profit margins except so far as it could be accomplished by voluntary means.

Control of profiteering. The great bulk of our food is of seasonal production. The farmer must, in the majority of instances, find immediate market, and the food trades must acquire it in a short period and distribute it over 12 months. The food distribution system is therefore inherently a speculative business. Methods adapted to curtail illegitimate speculation were as follows:

1. Margins between purchase and sale--maximum profits were established in practically all branches of food manufacture and wholesale distribution. The ability of various establishments to operate on greater or less margin created considerable difficulty.

5--History of United States Food Administration

2. Voluntary curtailment reduced speculation.

3. Limitation of trading-in-future method of speculation.

4. Period and volume of holdings of food was limited.

5. Straight-line distribution, that is, retailer-to-consumer, wholesaler-to-retailer was required.

6. Exports required permits.

7. Advising the public of what the price of foods should be.

8. Flagrant cases of profiteering and hoarding were prosecuted.

9. State and county food administrators were able by simple warnings to defeat the great majority of efforts to secure illegitimate profits in the wholesale trade.

Control of exports. War Trade Board--comprised of representatives of various Government departments including Food Administration.

Control of imports. Sugar, coffee, vegetable oils, rice, cocoa were imported in important quantities. Cooperative action to prevent bidding against each other by the Allied governments kept the prices of these under control.

Through the drain of shipping to more direct war purposes, our import supplies were seriously threatened and at times even cut off. To remedy this it was necessary to create a Shipping Division in the Food Administration to secure definite assignments of ships for important transportation.

Coordination of Government purchasing. Competition between War and Navy and Allied governments resulted in the necessity for the creation of the War Food Purchase Board comprised of representatives of these various large bodies. Federal purchases of supplies by all agencies were $7,000,000.

Railway Corporation. The Railway Transport Division was established to maintain an even flow of food commodities from farm to market and at the same time to economize in the use of railway over rolling stock. This Division had representatives in the regional offices of the Railroad Administration from which permits were expeditiously issued for essential food movements.

6--History of United States Food Administration

United States Food Situation after the war. 18,000,000 tons surplus food supply--three times our normal supply on hand. The need of Europe and this extra supply resulted in the headquarters of the Food Administration being transferred to Europe in order to deal with these problems.

It was necessary to seek to undertake the practical economic control of a large part of Europe and to coordinate it with the existing economic controls of foods, finance, and shipping of the United States and the Allies. This was accomplished through the appointment of the American Food Administrator as the Executive Head of Supplies, with mandatory powers over railways and coal mines and telegraph in large parts of the old empires by the Supreme Council of War. Operations were coordinated by the organization of the Supreme Economic Council.

The railroads of Europe were rehabilitated by directing staff drawn from the American Army and Navy and the sale on credit of large quantities of Army materials. River traffic was begun on the Elb, Danube, and Vistula.

Ten thousand miles of telegraph lines were ceded by the various governments to the organization of the Food Administrator. The distribution of many millions of tons of coal was regulated. Large amounts of exchanges in potatoes, grain, wheat, etc., were arranged between interior countries and central and eastern Europe. These exchanges amounted to over 500,000 pounds of foodstuffs.

Certain limited classes and localities in Europe required assistance even over the winter of 1920 to prevent actual starvation. This embraces the poorest sections of the larger cities of Finland, the Baltic States, Poland, Austria, Serbia, Czechoslavakia, and the whole of Armenia.

FOOD SUPPLIED DURING THE WAR AND RECONSTRUCTION PERIOD:

1.	United States Food Administration.....	23,000,000	metric tons
2.	Armistice Period.....	4,100,000	" "
3.	Reconstruction Period.....	1,500,000	" "
4.	C.R.B.....	5,400,000	" "
	Total.....	34,000,000	
	Cost.....	$5,200,000,000.	

Formulation of food program.

1. Voluntary administration, not as in Europe giving way to the tendency of the Government to take over the functions of the middleman, first with one commodity and then another, until

in the extreme case of Germany practically all food commodities are taken directly by the government from the producer and allotted on an iron-clad system of ticket distribution to the consumer.

2. Coordination and regulation through existing commercial agencies.

3. Voluntary conservation.

4. Important positions to be filled by volunteers.

5. Independent responsibility of the food administration directly under the President with the cooperation of

   a. United States Department of Agriculture
   b. Department of Commerce
   c. Federal Trade Commission
   d. Railway executives

Problems, powers, and organization of the Food Administration. Hoover said June 19, 1917, "Food administration"as we see it falls into four great branches:

1. Control over export.

2. Instrumentalities which we set up and endeavor to regulate trade to the exclusion of speculation.

3. Mobilization of people in the country engaged in personal distribution as actual members of the Food Administration to carry out advice and directions and policies of national conservation.

4. Erection in every State of some form of food administration and the decentralization of our functions so far as possible into the State administration.

Solution of general problems called for:

1. Establishment of national organization and creation of State organization.

2. Direction of conservation of existing foodstuffs.

3. Control over exports involving a study of the needs of neutrals.

4. Coordination and control of purchases by our Government and the Allied Governments.

8--History of United States Food Organization

5. Regulation and control of distribution..

Powers of the Food Administration. General financial power based on the war power and not confined to Interstate Commerce.

Food Administration delegated only control of foods, seeds, and derivative products and a few collateral commodities.

Through the War Trade Board the Food Administration exercised some control over export and import of foods during the war as well as over the purchase of foods by the Allies and the Government with the cooperation of these powers.

The Act had a penal provision for hoarding, for willful destruction of food, and for conspiracies and agreements to limit the production, manufacture, or distribution of food. The provision was used very little. Practical control exercised by the Food Administration rested on three powers, (1) that to enter into voluntary agreement, (2) to license and prescribe regulations, and (3) to buy and sell foodstuffs.

Organization and division of problems. There was at no time a rigid departmentalization in the organization of the Food Administration. No chart showing the branches of the Food Administration was ever made, for the reason that no exact permanent division was ever attempted. When, through conferences and investigations, problems developed into forms sufficiently definite to require the consideration of a more or less permanent staff, the Food Administrator selected someone from among his associates to give special consideration to the subjects or commodities so separated.

The head so selected was at liberty to call on other assistance and to proceed to form such a staff or division as the work required. As the program of control developed and it was possible to give more detailed attention to particular problems, new divisions formed in the manner indicated were added to the organization. These divisions, however, were continually changing as it was not possible to forecast the nature of the obstacles which would arise from time to time. The questions arising were all more or less overlapping, and the changing situation demanded frequent changes of emphasis on the different aspects of price control, conservation, supply, etc. Instead of attempting to fit these continually developing problems into departments already formed and defined in the limits of their responsibilities, the divisions themselves were frequently changed and at no time were precisely limited in their activities.

9--History of United States Food Administration

The heads of the so-called divisions of the Food Administration may be considered "problem leaders," since the organization was on the basis of individuals summoned to solve certain problems. These problem leaders may be classified under three main sections:

1. Commercial or commodity control.

2. Conservation.

3. General services.

Commercial or commodity control problems were those in the regulation of distribution of trade practices in handling commodities. Problem leaders in charge of different commodities advised with the Food Administrator in the determination of policies and plans of regulation.

In an advisory capacity to the problem leaders were a few trade specialists. As these trade specialists were often financially interested in the lines of business and regulation, it was important to protect them from unjustified charges of favoritism and trade interests. Care was taken to define their functions specifically.

Trade specialists had the following important functions:

1. To advise on trade practices and trade trends.

2. To join with divisional heads in trade conferences on various problems.

3. To interpret policies of the Food Administration to trade.

4. To secure the spirit of voluntary cooperation of the trades.

The heads of commodity divisions in the Food Administrration themselves determined all policies and regulations and made all decisions affecting the objectives of the Administration. Trade specialists made no decisions.

Enforcement Division: Enforcement of law against all unfair practices, unreasonable profits, hoarding, etc. No action of this character lay within the province of the commodity divisions in any event.

"Purchase or sale of foodstuffs by the Administration or its direction and coordination must rest entirely in the hands of men free of any financial interest in such transaction," said Hoover.

10--History of United States Food Administration

Conservation--the problem was separated from that of regulation and control because it was peculiarly dependent upon the organization of voluntary effort and dealt with social and civic as well as commercial organizations. It was subdivided into sections such as:

1. Cooperative organizations (churches, etc.)

2. Schools and colleges, etc.

It was closely allied both to the Educational or Public Information divisions and the Division of State Administration.

The general service problems were assigned to divisions which functioned for the entire organization. These divisions were: Legal, Statistical, Public Information, Educational, State Administration, Accounting, Files, Mail, and Office Management.

Organization within the States. Hoover said, "I conceive that the essence of all war administration falls into two phases (1) centralized and single responsibility; and (2) delegation of this responsibility to decentralized administrative organs. It is our desire to decentralize our administration into the hands of State administrations at every point possible. Our theory of administration is that we should centralize ideas and decentralize execution.

States Administration Division--served as a clearing house for all matters flowing to and from the State administrators.

The work of the States Administration Division was divided among assistants of the head of that Division on the basis of territory--to each of four assistants a group of States was assigned.

Correspondence with the States was largely by form letters and telegrams--(the problems involved in administration might be obtained from these letters and telegrams and their replies).

Coordination. As additional means of coordination meetings were held at regular intervals on three levels:

1. Federal food administrators at Washington, six meetings.

2. Meetings of county administrators held at States' headquarters.

3. Zone meetings--included representatives from various States within an area or region.

4. Another method of keeping in personal touch with the administrators on particular problems was through a so-called flying squadron composed of from two to four men who visited particular States from time to time to assist in special tasks and particularly in problems of organization.

11--History of United States Food Administration

Cooperation with other Government departments.

DEPARTMENT OF AGRICULTURE	FOOD ADMINISTRATION
1. Stimulate production	1. Control and regulation of commercial distribution of food
2. Conservation of products on the farm	2. Conservation of commodities by consumers
3. Promotion of better marketing and distribution from farms to markets	3. Elimination of waste
4. Home economics work	4. Control and stimulation of production through price and market utterances
5. Dissemination of information	

The Food Administration had relationships with the following agencies in addition to Agriculture: War Trade Board--Food Administration had two representatives on the Board and it followed recommendations of Food Administrations in all questions of regulations affecting the export or import of food. The War Trade Board relied on the experts of the Food Administration for advice with reference to condition of supplies of particular food commodities. Federal Trade Commission--gave Food Administration assistance in determining costs in various trades and industries, particularly baking, canned foods, and meat products. Tariff Commission --special investigation of costs in the sugar industry. War Industries Board--Close cooperation on collateral commodities such as ammonia, arsenic, and burlap. United States Railroad Administration--The Food Administration Transportation Division was in close touch. Special measures in regard to priority of movements of foodstuffs--permit system--to a large degree directed by the Food Administration through the arrangement with the Railroad Administration. Shipping Board--The Marine Transportation Division of the Food Administration was in close touch with the Shipping Board. Departments of Commerce and Labor--Statistical divisions gave assistance to the Food Administration. Department of Justice--Although the Food Administration maintained its own legal enforcement divisions, the Department of Justice handled all matters pertaining to criminal prosecutions under the Food Control Act.

ANTI-HOARDING MEASURES - WORLD WAR I

1. General Licensing Procedure - Under the Food Control Act and Presidential proclamation, larger manufacturers, distributors, importers and storers of food commodities were required to secure licenses from the Food Administration in order to conduct their businesses. A number of rules and regulations were issued governing these licensees. The primary objective of those rules and regulations was to control prices and keep goods moving from the producer to the consumer by limiting profits and discouraging hoarding and manipulation of commodities. Enforcement was largely carried out through administrative actions--i.e., by withdrawal or suspension of licenses, or in lieu thereof, requiring some action by the violator, such as refund of excess profits or contribution to the Red Cross, by requisitions and forced sales, etc.

2. Anti-hoarding Rules Applicable to Licensees - Section 6 of the Food Control Act prohibited hoarding of foodstuffs. To implement this provision, the Food Administrator issued several rules applicable to non-perishable foods, including:

   a. a rule prohibiting the licensee (wholesaler, jobber, etc.) from keeping on hand or having in possession or under control by contract or other arrangement, unsold foods in excess of reasonable requirements of his business for sale by him during a 60-day period.

   b. a rule prohibiting the licensee from selling a supply to any person if the sale should give to such person a supply in excess of his reasonable requirements for use or sale within 60 days.

   c. a rule prohibiting the licensee from making or having outstanding any contract for the sale of food for shipment or delivery more than 60 days after the making of such contract.

   Another rule, relating to the withholding or manipulation of food, read as follows:

   "The licensee, in selling food commodities, shall keep such commodities moving to the consumer in as direct a line as practicable and without reasonable delay. Resales within the same trade without reasonable justification, especially if tending to result in a higher market price to the retailer or consumer, will be dealt with an an unfair practice."

   The holding of stocks of perishable commodities from one season to another was considered a violation of the hoarding provision of the Food Control Act. This "hoarding" resulted usually from dealers being unable to sell their products at the high prices demanded and their decision to carry over stock to another season in order to avoid a loss. In order that these stocks would be released for more immediate consumption, the Food Administration either sought voluntary cooperation from

the trade or issued orders requiring liquidation of such stocks in an orderly manner.

3. Anti-hoarding Rules Applicable to Retailers - Although retailers were unlicensed, compliance with rules and regulations governing their operation was rather easily secured. Licensed dealers were prohibited from selling to retailers who violated such rules which would usually result in the retailer being forced out of business. Also the charge of being unpatriotic was a very serious matter which most retailers found hard to overcome.

The anti-hoarding rules applicable to retailers included the rule that sugar should not be sold to consumers in towns and cities in excess of from two to five pounds at one time, or to consumers residing in rural communities in quantities in excess of from five to ten pounds, and that sugar should not be sold to retailers in quantities in excess of 300-1000 pounds at one time. Flour was not to be sold to customers in towns and cities in quantities in excess of 1/8 to 1/4 barrel, and to those residing in the country in quantities in excess of from 1/4 to 1/2 barrel. Also, advertising of flour or sugar in any way which would have a tendency to increase consumption was prohibited.

4. Anti-hoarding Rules Applicable to Consumers - Consumers were also subject to the anti-hoarding provisions of the Food Control Act (apparently hoarding was interpreted as holding food commodities in excess of reasonable requirements). However, enforcement of such provisions was largely carried out through appeals to patriotism, which were so successful that large quantities of food commodities were returned to the trade. There were a few cases where penalties were inflicted on consumers for hoarding, although the legal basis for these penalties was apparently in some doubt.

OUTLINE OF FUNCTIONS AND ACTIVITIES IN ADMINISTERING WAR FOOD PROGRAM

I. REQUIREMENTS AND SUPPLY PROGRAMMING

II. SUPPLY ALLOCATIONS

- A. Combined Food Board
- B. U. S. Inter-Agency

III. DOMESTIC PRODUCTION PROGRAMS TO MEET REQUIREMENTS

- A. Production Adjustments
  1. Acreage Allotments
  2. Marketing Quotas
- B. Production Goals
- C. Production Incentives
  1. Price Support Guarantees
  2. Production Payments
  3. Production Subsidies
  4. Other incentives such as credit and risk guarantees
- D. Production Materials and Facilities
  1. Materials and Facilities Requirements and Supply Programming
  2. Supply Allocations
  3. Farm Machinery and Equipment Rationing
  4. Fertilizer Distribution Controls
- E. Farm Labor
  1. Requirements and Supply Programming
  2. Supply Operations
     a. Wage Stabilization
     b. Supplementing supply by foreign, Prisoner of War and other sources
     c. Deferments from military service
     d. Operation of labor camps
- F. Special Production Programs
  1. Victory Gardens

IV. DOMESTIC PROCESSING AND HANDLING

A. Requirements and Supply Programming
B. Plant Expansion - Financing
C. Materials and Facilities

1. Requirements and Supply Programming
2. Supply Allocations
3. Containers and Packaging
4. Processing Machinery

D. Labor Supply
E. Allocation and Use of Transportation and Storage Facilities

V. DOMESTIC FOOD DISTRIBUTION CONTROLS

A. Export Controls
B. Import Controls
C. War Food Orders

1. Set Aside Orders
2. Limitation Orders
3. Specific Allocations
4. Conservation and Efficiencies

D. Rationing Recommendations
E. Price Control Recommendationss
F. Emergency Stockpiling

VI. GOVERNMENTAL SUPPLY OPERATIONS

A. Procurement

1. Domestic
   (a) Requisitioning
   (b) Stockpiling
2. Foreign

B. Storage (including Natural Cooler Storage)
C. Transportation
D. Delivery
E. Financing

VII. SPECIAL PROGRAMS

A. Nutritional Programs

1. Industrial Feeding
2. Nutrition Education
3. Food Enrichment

B. Home Food Preservation
C. Food Conservation - fat salvage, etc.
D. Territorial and Insular Food Programs
E. Victory Food Special
F. Local Shortages
G. Special Food Needs

HIGHLIGHTS OF ORGANIZATIONAL DEVELOPMENTS IN ADMINISTERING WAR FOOD PROGRAMS

1939 - 1940

No change in organization of Department, except for the establishment of the Secretary's Advisory Council in September 1939 (abolished in November 1949) and the establishment in 1940 of an inter-bureau committee to develop plans for possible war emergency.

1941

1. Office of Agricultural Defense Relations established in the Department to replace the Division of Agriculture of the National Defense Advisory Commission.

2. State and County Defense Boards (later called War Boards) were established, composed of the principal field officer of the Department field agencies, under the chairmanship of the Chairman of the State and County AAA committees "to expedite and coordinate" the Department's defense activities with those of other defense agencies in the field.

3. The Department Defense Board (later changed to Department of Agricultural War Board) was formed, composed of the heads of eight agencies.

4. The Surplus Marketing Administration, Agricultural Marketing Service, and Commodity Exchange Administration were consolidated into the Agricultural Marketing Administration. The Federal Crop Insurance Corporation, Sugar Division, Agricultural Adjustment Administration, and Soil Conservation Service were consolidated into the Agricultural Conservation and Adjustment Administration.

1942

Under Executive Order 9280 of December 5, 1942, the Secretary of Agriculture was authorized to: (a) Determine the direct and indirect military, other Governmental, civilian, and foreign requirements for human food and animal food and for food used industrially; (b) formulate and implement a program to supply food adequate toemeet the requirements, allocating the Nation's farm production resources as needed; (c) assign priorities and allocate food for all uses above-mentioned; (d) insure the efficient and proper distribution of the available food supply; (e) make recommendations to the Chairman of the War Production Board covering the quantities and types of nonfood materials, supplies, and equipment required to carry out the program; (f) jointly determine with the War Production Board Chairman, the division to be made whenever the available supply of any food proves insufficient to meet requirements; (g) determine the need and amount of food available for civilian rationing, exercising priorities and allocation powers through the Office of Price Administration; (h) collaborate as necessary with other agencies concerned with the foreign aspects of the food program; (i) in the event of a shortage of domestic transportation service, make recommendations to the Office of Defense Transportation, after consultation with the War Production Board; and (j) have full responsibility for agricultural manpower. These powers were later delegated to the War Food Administrator.

Fundamental reorganization of the Department of Agriculture took place on December 10, 1942, as a result of Executive Order 9280, dated December 5, which delegated to the Secretary of Agriculture authority to assume charge of the Nation's entire wartime food program. At that time the Food Production Administration and the Food Distribution Administration were established. These, with the Agricultural Research Administration, established about a year earlier, the Commodity Credit Corporation, the Forest Service, the Rural Electrification Administration, and the staff agencies, then constituted the Department.

The following agencies were originally consolidated into the Food Production Administration: The Agricultural Conservation and Adjustment Administration (except the Sugar Agency): the Farm Credit Administration (shortly afterward made an independent agency reporting to the Secretary); the Farm Security Administration; that part of the Division of Farm Management and Costs of the Bureau of Agricultural Economics concerned primarily with planning current production; that part of the Office for Agricultural War Relations concerned primarily with food production; and the Office of Land Use Coordination.

Agencies consolidated into the Food Distribution Administration were: The Agricultural Marketing Administration; the Sugar Agency of the Agricultural Conservation and Adjustment Administration; that part of the Bureau of Animal Industry of the Agricultural Research Administration concerned primarily with regulatory activities (meat inspection); and that part of the Office for Agricultural War Relations concerned primarily with food distribution. The last-named office ceased to exist soon after this.

Membership of the Agricultural War Board was reduced from 11 administrative and staff officers to 8, and it was named the Departmental War Board. The 8 members were: The Director of Food Production, the Director of Food Distribution, the Agricultural Research Administrator, the President of the Commodity Credit Corporation, the Director of the Extension Service, the Chief of the Forest Service, the Rural Electrification Administrator, and the Chief of the Bureau of Agricultural Economics.

Involved also in the December 1942 reorganization was a transfer of personnel from the War Production Board and the Office of Civilian Supply to the Department, announced January 14, 1943. In brief, the assignments were as follows to the:

Food Production Administration - Personnel of the War Production Board Fertilizers Units, primarily concerned with allocation of fertilizers containing chemical nitrogen; of the War Production Board Farm Machinery and Equipment Division, concerned primarily with the farm-machinery program; of the Food Technology Unit of the Office of Civilian Supply, dealing with plans, programs, and requirements for farm machinery, fertilizers, and insecticides; of the Machinery Unit of the Office of Civilian Supply, concerned mainly with plans, programs, and requirements for farm machinery; and of the Containers Section of the Office of Civilian Supply, concerned with plans, programs, and requirements for farm-food containers.

Food Distribution Administration - Personnel of the Food Division of the War Production Board; of the Fats and Oils Section of the War Production Board; of the Food Processing Machinery Section of the War Production Board, concerned with the food processing machinery program; of the Food Section of the Office of Civilian Supply, other than that assigned to the Food Production Administration; of the Machinery Unit of the Office of Civilian Supply, concerned with food processing machinery; of the Fats and Oils Unit of the Office of Civilian Supply, concerned with edible fats and oils; of the Containers Section of the Office of Civilian Supply, concerned with nonfarm-food containers; and of the Food Section of the Office of Civilian Supply.

1943

Executive Order of March 26, 1943, transferred to the War Food Administrator all powers, functions, and duties conferred upon the Secretary by Executive Order 9280, including those relating to labor and manpower.

The primary responsibility of the War Food Administrator was to assure an adequate supply and efficient distribution of food to meet war and essential civilian needs. Executive Order 9334 so defined the respective duties and functions of the Secretary of Agricultura and the War Food Administrator that, in order to carry out its purposes, each had authority to exert any and all powers vested in the other to the extent necessary to enable them to perform their respective duties and functions.

The organization developed within War Food Administration during 1943 consisted of the following: (1) the Commodity Credit Corporation, (2) Food Distribution Administration, (3) Office of Transportation (a staff rather than program office); (4) Office of Materials and Facilities, (5) Extension Service, (6) Office of Labor, and (7) the Food Production Administration, which was composed of the Farm Security Administration, Federal Crop Insurance Corporation, Agricultural Adjustment Agency, Soil Conservation Service, and five other offices and branches.

The Commodity Credit Corporation was responsible for procurement, subsidy, shipping, storage, and price support activities relating to the following unprocessed commodities: Corn, wheat, cotton, tobacco, peanuts, rice, feed grains, wool, hemp, sugarcane, sugar beets and raw sugar, soybeans, flaxseed, and cottonseed. CCC activities pertaining to meeting Government requirements were carried out in accordance with directives issued by FDA, and activities relating to feed, seed, fertilizer and other production facilities were carried out under directives issued by the Food Production Administration.

The Food Distribution Administration was responsible for procurement, subsidy, price support and distribution control activities relating to fruits and vegetables, livestock and livestock products, dairy products, poultry, and poultry products, grain products (except feed), fats & oils and all other processed food and food processing facilities. It was also



In December 1944, the Office of Distribution was abolished and the Office of Supply and Office of Marketing Services were created. The Office of Supply was assigned all the functions of the Office of Distribution relating to procurement, requirements and allocations, set-aside orders, plant facilities, price support and requisitioning and the Office of Marketing Services was assigned all OD functions relating to marketing services and regulations, School Lunch, price and rationing recommendations, and war food orders except those assigned elsewhere.

The Office of Production was abolished and its functions assigned to the AAA and SCS. The Federal Crop Insurance Corporation was made a separate agency within WFA.

A new Office of Basic Commodities was established with the functions formerly administered by CCC, other than those assigned to offices of the Corporation.

The Board of Directors of CCC was reconstituted and consisted of the War Food Administrator as Chairman, the President of the CCC, the Vice-President for Administrative and Fiscal Services, the Chief of AAA, Director of Basic Commodities, Director of Price, Director of Supply and Director of Surplus Property and Reconversion.

1945

In January 1945, the Office of Basic Commodities, the Office of Supply and that part of the Office of Marketing Services concerned with school lunch and direct distribution were consolidated within the Commodity Credit Corporation.

In March 1945, an Office of Investigatory Services reporting to the War Food Administrator was created, with responsibility for administration of the Commodity Exchange Act, and compliance and investigation activities formerly assigned to the Office of Marketing Services and other WFA agencies.

In April, the Requirements and Allocations Branch of the Office of Supply, CCC, was made a separate office reporting to the War Food Administrator.

An Office of Home Food Supply was created in June 1945 to coordinate the activities of various agencies affecting the supply of foodstuffs produced at home or conserved from victory gardens and seasonal surpluses.

PMA established August 1945.

U. S. DEPARTMENT OF AGRICULTURE

EVOLUTION OF ORGANIZATION STRUCTURE RESULTING IN PRODUCTION AND MARKETING ADMINISTRATION, 1939 - 1946

1946

- SECRETARY OF AGRICULTURE
  - BUREAU OF AGRICULTURAL ECONOMICS
  - PRODUCTION AND MARKETING ADMINISTRATION (CCC AND FCIC CORPORATE POWERS)
    - OFFICE OF FOREIGN PROGRAMS COORDINATION
    - INFORMATION SERVICE
    - OFFICE OF AUDIT
    - OFFICE OF PRICE
    - OFFICE OF REQUIREMENTS AND ALLOCATIONS
    - TRANSPORTATION OFFICER
    - COTTON BRANCH
    - DAIRY BRANCH
    - FATS AND OILS BRANCH
    - FRUIT AND VEGETABLE BRANCH
    - GRAIN BRANCH
    - LIVESTOCK BRANCH
    - POULTRY BRANCH
    - SPECIAL COMMODITIES BRANCH
    - SUGAR BRANCH
    - TOBACCO BRANCH
    - FOOD DISTRIBUTION PROGRAMS BRANCH
    - FIELD SERVICE BRANCH
    - MATERIALS AND EQUIPMENT BRANCH
    - MARKETING FACILITIES BRANCH
    - LABOR BRANCH
    - CROP INSURANCE BRANCH
    - COMPLIANCE AND INVESTIGATION BRANCH
    - FISCAL BRANCH
    - BUDGET AND MANAGEMENT BRANCH
    - SHIPPING AND STORAGE BRANCH
  - EXTENSION SERVICE
  - FARM HOME ADMINISTRATION
  - SOIL CONSERVATION SERVICE
  - FARM CREDIT ADMINISTRATION

1945

- WAR FOOD ADMINISTRATION JUNE 30, 1945
  - COMMODITY CREDIT CORPORATION
  - OFFICE OF MARKETING SERVICES
  - OFFICE OF SURPLUS PROPERTY AND RECONVERSION
  - OFFICE OF HOME FOOD SUPPLY
  - OFFICE OF REQUIREMENTS AND ALLOCATIONS
  - OFFICE OF INVESTIGATORY SERVICES
  - OFFICE OF PRICE
  - OFFICE OF TRANSPORTATION
  - OFFICE OF MATERIALS AND FACILITIES
  - EXTENSION SERVICE
  - OFFICE OF LABOR
  - FARM SECURITY ADMINISTRATION
  - FEDERAL CROP INSURANCE CORPORATION
  - AGRICULTURAL ADJUSTMENT AGENCY
  - SOIL CONSERVATION SERVICE
  - OFFICE OF WATER UTILIZATION

1944

- WAR FOOD ADMINISTRATION FEB. 5, 1944
  - COMMODITY CREDIT CORPORATION
  - OFFICE OF DISTRIBUTION
  - OFFICE OF PRICE (Estab. 1-21-44)
  - OFFICE OF TRANSPORTATION
  - OFFICE OF MATERIALS AND FACILITIES
  - EXTENSION SERVICE
  - OFFICE OF LABOR
  - FARM SECURITY ADMINISTRATION
  - OFFICE OF PRODUCTION
  - AGRICULTURAL ADJUSTMENT AGENCY
  - SOIL CONSERVATION SERVICE

1943

- WAR FOOD ADMINISTRATION NOV. 18, 1943
  - COMMODITY CREDIT CORPORATION
  - FOOD DISTRIBUTION ADMINISTRATION
  - OFFICE OF TRANSPORTATION
  - OFFICE OF MATERIALS AND FACILITIES
  - EXTENSION SERVICE
  - OFFICE OF LABOR
  - FOOD PRODUCTION ADMINISTRATION
    - FARM SECURITY ADMINISTRATION
    - FEDERAL CROP INSURANCE CORP.
    - AGRICULTURAL ADJUSTMENT AGENCY
    - SOIL CONSERVATION SERVICE
    - 5 OTHER OFFICES AND BRANCHES

1942

- SECRETARY OF AGRICULTURE
  - BUREAU OF AGRICULTURAL ECONOMICS
  - COMMODITY CREDIT CORPORATION
  - FOOD DISTRIBUTION ADMINISTRATION
  - OFFICE OF AGRICULTURAL WAR RELATIONS
  - FOOD PRODUCTION ADMINISTRATION
    - AGRICULTURAL LABOR BRANCH
    - FARM SECURITY ADMINISTRATION
    - FEDERAL CROP INSURANCE CORP.
    - AGRICULTURAL ADJUSTMENT AGENCY
    - SOIL CONSERVATION SERVICE
    - FARM CREDIT ADMINISTRATION
    - 6 OTHER BRANCHES

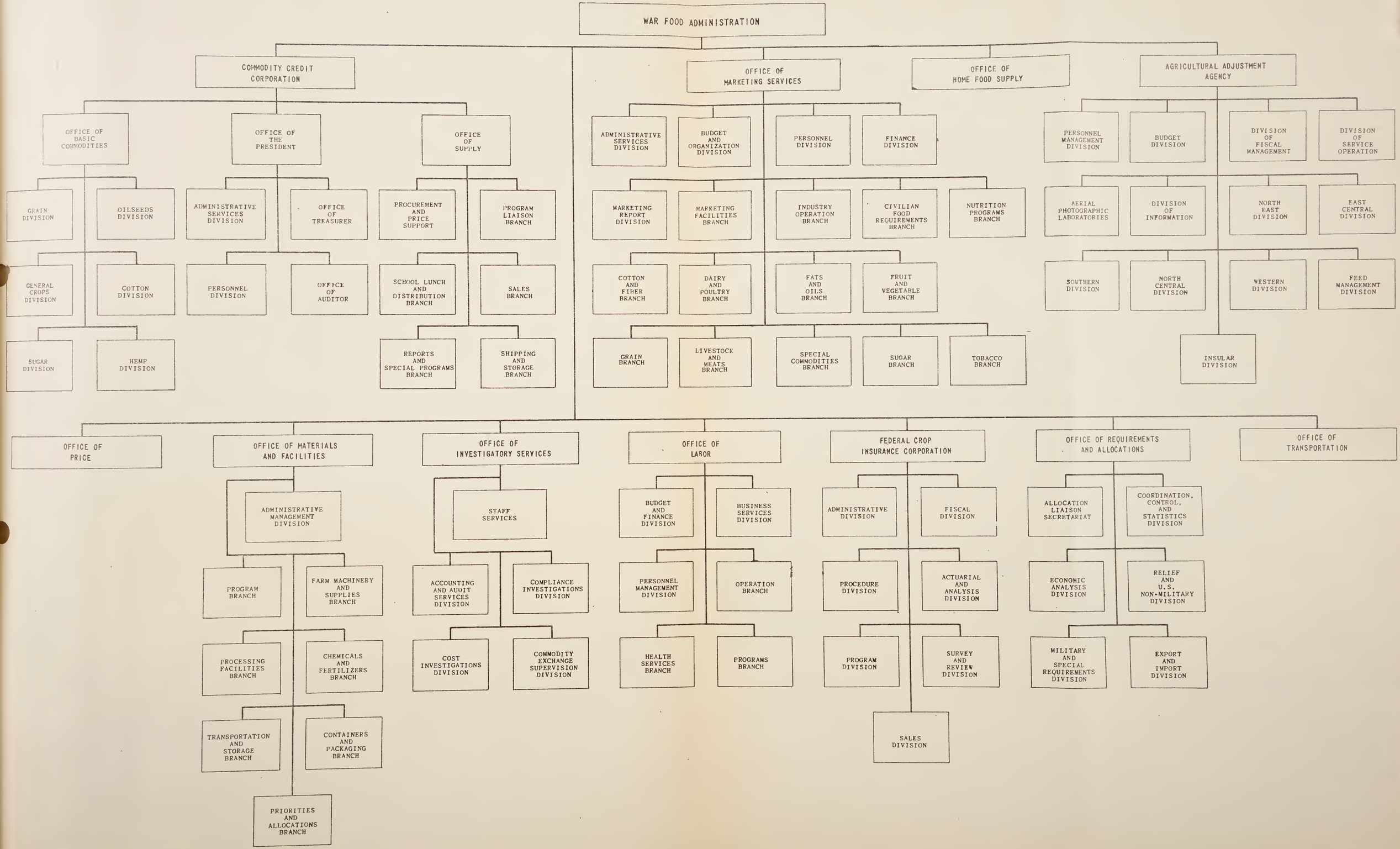
FARM CREDIT ADMINISTRATION (Again made an independent agency reporting to the Secretary-E.O.9280, 12-5-42)

1941

- SECRETARY OF AGRICULTURE DEC. 13, 1941
  - BUREAU OF
  - COMMODITY
  - AGRICULTURAL
  - OFFICE OF
  - FARM
  - FARM
  - AGRICULTURAL CONSERVATION AND ADJUSTMENT ADMINISTRATION

U. S. DEPARTMENT OF AGRICULTURE

ORGANIZATION AS OF JUNE 30, 1945 OF AGENCIES SUBSEQUENTLY CONSOLIDATED INTO PRODUCTION AND MARKETING ADMINISTRATION



U. S. DEPARTMENT OF AGRICULTURE

SECRETARY OF AGRICULTURE

WAR FOOD ADMINISTRATOR

Office of Price
Office of Transportation
Office of Surplus Property and Reconversion
Office of Water Utilization
Office of Investigatory Services

STAFF OFFICES

OFFICE OF PERSONNEL
OFFICE OF INFORMATION
OFFICE OF THE SOLICITOR
OFFICE OF BUDGET AND FINANCE
OFFICE OF PLANT AND OPERATIONS
BUREAU OF AGRICULTURAL ECONOMICS
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
LIBRARY

FARM CREDIT ADMINISTRATION

Provides a complete and coordinated credit system for agriculture by making long-term and short-term sources of credit available to farmers; provides credit facilities for cooperative marketing, purchasing, and business service organizations.

AGRICULTURAL RESEARCH ADMINISTRATION

Plans, develops, coordinates, and administers the scientific research program of the Department: determines research objectives to conform with changing requirements for food and fiber including research relating to quality improvement, new and improved production and distribution methods, new and extended uses and markets for agricultural commodities and by-products; and research relating to nutrition and home economics, conservation, development, and use of land and water resources, and the control of plant and animal diseases and parasites; administers research programs under Bankhead-Jones Special Research Fund.

FOREST SERVICE

Through research, cooperative, regulatory, and management functions promotes full production of forest land and wise use of forest resources; administers the national forests; cooperates with states in fire protection, forest planting, tree distribution, and other forest activities; in cooperation with the WPB administers the Timber Production War Program in order to produce the kinds and quantities of critical wood products needed in the war effort; plans and administers other special projects in cooperation with war agencies and military services to facilitate the utilization of essential forest products; administers the Emergency Rubber Project.

RURAL ELECTRIFICATION ADMINISTRATION

Makes loans for furnishing electric energy to unserved persons in rural areas; assists borrowers in the effective operation of facilities constituting security for such loans; makes studies and disseminates information concerning the progress of rural electrification; contributes to the effectiveness of the war effort by making electricity available for essential food production and conservation and for military establishments and war industries located in rural areas.

COMMODITY CREDIT CORPORATION

OFFICE OF BASIC COMMODITIES - Is responsible for the price support, subsidy, lending, buying, selling, storage, and transportation activities of War Food Administration with respect to corn, wheat, cotton, tobacco, peanuts, rice, feed grains, wool, hops, sugarcane, sugar beets and raw sugar, soybeans, flaxseed and cottonseed.

OFFICE OF SUPPLY - Is responsible for the price support, subsidy, buying, selling, storage, and transportation activities of War Food Administration with respect to fruits and vegetables, livestock and livestock products, dairy products, poultry and poultry products, grain products, fats and oils, and other processed food; administers the school lunch, direct distribution and industrial feeding programs, and programs designed to promote consumption of foods in local or seasonal abundance; is responsible for procurement, stockpiling, and distribution of food, and for sale of all Government-owned surplus food within the United States; determines food requirements of all claimant agencies and recommends allocations based upon total food supply; Determines requirements of food for import and prepares directives for foreign procurement of such food.

OFFICE OF MARKETING SERVICES

Responsible for developing and executing programs in the field of agricultural marketing; collects and disseminates market news; conducts inspection, grading, standardization and other regulatory activities (administers 25 Federal Statutes); develops and administers marketing agreements and orders; determines civilian food needs, both as to amounts and nutritional requirements; develops and administers war food limitation and conservation orders; collaborates with OPA in the formulation of food price regulations and reviews price and rationing recommendations and other means of controlling the available civilian food supply.

AGRICULTURAL ADJUSTMENT AGENCY

Plans, directs and coordinates programs of the Agricultural Adjustment Agency, under provisions of the Soil Conservation and Domestic Allotment Act of 1935, as amended, and the Agricultural Adjustment Act of 1938, as amended; administers through State Committees, composed of from three to five farmers and the State Agricultural Extension Director, and through elected county and community committees, programs designed to improve farm returns, provide a steady flow of farm products in commerce, and to provide an adequate and steady flow of agricultural commodities to consumers at fair prices; develops and administers a National program providing agricultural producers with conservation materials and services that conserve, maintain and improve soil and water resources and improve productivity; administers commodity loans programs made available through the Commodity Credit Corporation and other programs which may be delegated from time to time.

FARM SECURITY ADMINISTRATION

Assists veterans, and farm tenants, farm laborers, share croppers and other individuals who are eligible under the Bankhead-Jones Farm Tenant Act, to become farm owners through long-term loans; carries on a rural rehabilitation and production program for low-income farmers, which includes making of short-term agricultural production loans, practical guidance in farm and home methods, available farm debt adjustment, tenure improvement and health and group services; under the authority of the Pope-Jones and Wheeler-Case Acts, promotes conservation in the arid and semi-arid areas of the United States by aiding in the development of facilities for water storage and utilization; administers resettlement projects and rural rehabilitation projects for resettlement purposes and effects measures incident to their operations liquidation; provides emergency rural relief,

BUREAU OF AGRICULTURAL AND INDUSTRIAL CHEMISTRY

Conducts chemical and technological research for the advancement of agriculture, including administration of four Regional Research Laboratories established to develop new and broader industrial outlets for agricultural products; conducts research relating to new and improved methods for rubber recovery from Guayule and other suitable plants.

BUREAU OF ANIMAL INDUSTRY

Protects and develops the livestock and [illegible] industries; conducts research relating to the feeding, breeding, and diseases of animals; administers statutes and techniques for disease control and eradication.

BELTSVILLE RESEARCH CENTER

Provides overall operating services and related management necessary to effect efficient conduct of the work performed by various research agencies of the Department.

BUREAU OF DAIRY INDUSTRY

Conducts research in the breeding, feeding, and management of dairy cattle; in the economical and sanitary production of milk and the manufacture of high quality by-products; assists in developing and establishing improved farm and factory practices.

BUREAU OF ENTOMOLOGY AND PLANT QUARANTINE

Conducts insect investigations and develops methods for their control or utilization; assists in applying methods of suppressing noxious insects and plant pests; enforces statutes relating to plant quarantine and certifies sanitary condition of exported and imported plant [illegible]

OFFICE OF EXPERIMENT STATIONS

Administers grants to states and territories for agricultural research; assists in the coordination of the Department's research in relation to research of state and territorial stations; supervises federal experiment stations in Puerto Rico.

BUREAU OF HUMAN NUTRITION AND HOME ECONOMICS

Conducts scientific research on foods and nutrition, family economics, purchase and dietary patterns, textiles and clothing, housing and equipment, and household management generally; makes research results available to homemakers and consumers.

BUREAU OF PLANT INDUSTRY, SOILS AND AGRICULTURAL ENGINEERING

Develops efficient and stabilized plant production; endeavors to alleviate the hazards of disease, cold, heat, drought, and lack of adaption through the application of research of plant and soil science affecting plant production including soil management and rubber production research; also conducts research on agricultural engineering and makes Department-wide construction plans.

SOIL CONSERVATION SERVICE

Responsible for all phases of a national program of erosion control, water conservation, and sound land use, including Drainage, irrigation, submarginal land purchase, development and management, and certain phases of farm forestry and flood control; directs the coordination of Service functions and operations with those of cooperating agencies, including soil conservation districts.

FEDERAL CROP INSURANCE CORPORATION

Administers a program for insuring cotton, wheat, flax, and other crops on a trial basis, against all natural hazards; receives applications, collects premiums, maintains commodity reserves, analyzes claims, and adjusts losses.

OFFICE OF MATERIALS AND FACILITIES

Directs all materials and facilities supply activities of the war food program; determines policies for and directs the formulation of requirements for critical non-food materials, equipment and facilities necessary to accomplish the approved war food program; determines the policies for and directs clearance for such requirements to the WPB; represents the WFA on the WPB requirements committee; determines policies for and directs the WFA control over distribution of the materials, equipment and facilities allocated by the WPB, ODT, and related war agencies; represents the Department and the War Food Administration in matters pertaining to and administers a program for the effective utilization of surplus materials, equipment and facilities which can be released by the Armed Services, Government Corporations, and other Public Agencies and used for the implementation of the War Food Program and other programs in agriculture.

OFFICE OF LABOR

Develops and administers the interstate and foreign farm labor supply program and the farm wage stabilization program of the War Food Administration, and performs liaison services for the War Food Administration with other agencies and groups which deal with labor supply and utilization problems in agriculture and the food processing and distribution industries. Specific activities of the Office of Labor include:

(1) Interstate transportation of domestic farm laborers.
(2) recruitment, importation, and transportation to areas for agricultural employment and return to country of origin of native born residents of Western Hemisphere countries.
(3) where necessary, providing housing, subsistence, health care, and other essential services in transporting foreign and interstate agricultural workers and members of their families transported with them, and
(4) establishment and administration of maximum wage rates for farm workers by specific crops and in specific areas where a majority of agricultural producers request the intervention of the Government to stabilize farm wage rates.

EXTENSION SERVICE

Makes available through grants-in-aid and other means, in cooperation with State Agricultural Colleges the results of Department research and service for practical farm application; coordinates cooperative extension work in agriculture and home economics, including county agent work, home demonstration work and 4-H club work, of the Department and the colleges; carries on the general educational work relative to food production and other programs of the War Food Administration; responsible for all functions of the War Food Administration relating to interstate recruitment and placement of farm labor, Women's Land Army and Victory Farm Volunteers; responsible for establishing county committees to render advisory assistance to returning war veterans and others wishing to engage in agricultural pursuits.

Prepared in the Office of Personnel,
Division of Organization and Personnel Management

APPROVED: Claude R. Wickard
Secretary of Agriculture

March 23, 1945

War Food Administrator

U. S. GOVERNMENT PRINTING OFFICE 1945 O - [illegible]

CHRONOLOGICAL SUMMARY OF ACTIONS TAKEN BY THE DEPARTMENT OF AGRICULTURE AND WFA IN MEETING WARTIME REQUIREMENTS

1939

1. Secretary's Advisory Council established "to assist in the formulation of policies to deal with the situation brought about by the outbreak of war in Europe." Composed of more than 30 members, including representatives of farm, food trade and civic organizations.
2. President suspended sugar quotas September 11 but reinstated quotas December 26, 1939.

1940

1. Secretary established an inter-bureau committee, chairmanned by Milo Perkins, head of Surplus Marketing Administration, to formulate plans in the field of production, processing and distribution of food to meet possible emergency. Committee recommended preparation of legislation for submission to Congress to permit the use of Department facilities to maintain orderly marketing and prevent profiteering should voluntary program fail..

2. Increase in pork production requested by Secretary.

3. Secretary suspends exchange of cotton for British rubber because of shipping shortage.

4. The President proclaimed a suspension of quotas on imports of long staple cotton.

I PRODUCTION INCENTIVES

1. Increased production to meet lend-lease requirements of pork, dairy products, chickens, eggs, canned vegetables and dry beans requested and purchase programs for these commodities at prices above market prices were undertaken by FSCC. Later, as further production incentive, Secretary announced price support for hogs, eggs, cheese, evaporated milk, dry skim milk and chickens at not less than 85% of parity and soybean loan program was announced by CCC. Congress raised minimum loan rates for basic commodities to 85% of parity (May). Steagall Amendment passed in July.

2. Agricultural conservation program amended to permit increased production of tomatoes, corn, peas and snap beans, peanuts for oil, and soybeans for oil.

3. An inter-bureau production goals committee, with commodity sub-committees established. 1942 production goals announced.

4. Committee on agricultural production for defense established, consisting of four leading farm organizations.

5. Feed supplies held by CCC to be handled so as to assure producers supplies at fair prices.

II FOOD REQUIREMENTS AND ALLOCATIONS

A joint Anglo-American Food Committee was announced by Secretary to consider how food resources of United States could best be used to assist the British Empire and allies.

III PROCUREMENT

Lend-Lease Act approved. The General Commodities Purchase Program undertaken by Surplus Marketing Administration (FSCC) to fulfill lend-lease requirements, using CCC funds to permit the purchase of commodities before receiving lend-lease funds.

IV MATERIALS AND EQUIPMENT

1. Secretary appoints a Production Machinery Committee chairmanned by head of Division of Farm Management and Costs, BAE, to develop requirements for farm machinery. USDA State and County Defense Board made local surveys. Committee prepared requirements reports and proposed production program for 1942 which was presented to the Supplies Priorities and Allocations Board.

2. The Farm Equipment and Supplies Division of the Office of Agricultural Defense Relations conducted various surveys to determine container requirements for agricultural users, assisted agricultural interests seeking priority assistance in the container field, and collaborated with OPM in administration of its container conservation order.

V PRICE CONTROL

The Department requested grain and cotton exchanges to reduce their daily price fluctuation.

I PRODUCTION INCENTIVES

1. Revised goals for 1942 announced. Secretary stated that "For wheat, cotton, and tobacco goals should not be exceeded." Corn goals raised 10%. Special emphasis placed on increasing the production of oil-bearing crops. The 1942 agricultural conservation program amended to permit full crop allotment payments on peanuts and potatoes only if at least 80% of the allotment was planted, deductions from rice payments were provided if less than allotted acreage was planted, potato and rice growers permitted to exceed allotments without deductions, and wheat and corn allotments were liberalized. Marketing quotas for corn not established.

2. State and County War Boards made nation-wide canvass of farms to draw up individual farm plans to meet national production goals.

3. Sugar quotas suspended.

4. Feed wheat program announced whereby CCC would release wheat stocks at fair prices for feeding purposes.

5. CCC, utilizing services of AAA and Extension Service, undertook the Agricultural Supplies Purchase and Loan Program to encourage domestic production of commodities formerly imported or the production of substitute products. Program included the purchase and distribution of castor bean seed, peanut seed, winter cover crop seed, hybrid corn seed, pyrethrum and other seed, the purchase of fiber flax straw and a loan for construction and equipping two fiber flax processing plants, the purchase of fabrics to be manufactured into bags for agricultural needs, the purchase of hempseed and distribution to producers under agreements covering the acreage to be planted, prices for delivery to CCC, and the furnishing by CCC of harvesting machinery and canvases at cost plus handling charges, the purchase of additional storage bins for 1941 wheat and corn crops, the purchase of sorgo to be produced in La., and the purchase of high-yielding varieties of soybeans for distribution to producers.

6. October 2, 1942. Public Law 729 directed the Commodity Credit Corporation to make available upon any crop of the commodities, cotton, corn, wheat, tobacco, and peanuts, loan rates at 90 percent of parity, unless the President determined that loan on basic crops at rates previously set were necessary to prevent an increase in the cost of feed for livestock and poultry and to aid in the effective prosecution of the War, until two years after the declaration of the end of hostilities. Loan rates on cotton, tobacco, and rice were raised to 90 percent of parity

while rates on corn and wheat were maintained at 85 percent of parity. Public Law 729 also authorized the making of loans by the Commodity Credit Corporation on Steagall crops at 90 percent of parity until the expiration of the two-year period following the declaration of the end of hostilities. U. S. Congress, 77th, 2d Sess., Public Law 729, Sections 8 and 9.

II FOOD REQUIREMENTS AND ALLOCATIONS

1. Food Requirements Committee of WPB replaced by Food Advisory Committee created by the Secretary under authority of E. O. 9280, with membership of several agencies of the Department, War Department, Navy Department, Lend-Lease Administration, Board of Economic Warfare, WPB, Interior Department and State Department.

2. The requirements and allocation function assigned to the Food Distribution Administration.

III PROCUREMENT

1. CCC designated as the sole and exclusive agency for the negotiation of the majority of imported materials contracts for agricultural commodities by the Board of Economic Warfare Directive No. 2. As part of foreign purchase program, CCC contracted to purchase surplus stocks of cotton in Latin America and castor-beans, babassu kernels, rotenone, coffee, cocoa and flax fibre. CCC established an association of importers called Emergency Group for Foreign Vegetable Oils, Fats, and Oil-bearing Materials to serve as agent of CCC.

IV MATERIALS AND EQUIPMENT

1. Agricultural Marketing Administration assisted holders of Government contracts to secure containers and undertook program for development of containers suitable for export shipments, laboratory testing being done by the Forest Products Laboratory at Madison, Wisconsin and field tests being made by various agencies. AMA also collaborated with the Army and Navy in the development of the V box.

2. Office of Agricultural War Relations requested Agricultural Experiment Stations and County War Boards to report on farm machinery needs for 1943. Proposed program discussed with WPB but program proposed by Office of Civilian Supply, WPB, adopted by WPB Requirements Committee.

3. Farm machinery rationing plan developed; County War Boards to issue purchase certificates.

V Farm Labor

1. The Secretary instructed State and County War Boards to provide data to assist local Selective Service Boards in properly classifying agricultural registrants.

2. Recruitment and training of farm labor undertaken by FSA.

3. Secretary negotiated agreement with the State Department for importation of Mexican farm workers.

VI PRICE CONTROL

1. A Price Committee was appointed, with a representative of the Office of Agricultural Defense Relations as Chairman, to make recommendations to the Secretary for proposed actions under the Price Control Act.
2. Various CCC programs undertaken to maintain ceilings.

VII DISTRIBUTION CONTROL

1. Under authority of WPB Directive No. 7, CCC issued seven orders controlling the distribution and use of oilseeds.

2. War Production Board Directive No. 11 delegated to the Secretary of Agriculture the authority to establish controls respecting the sale, movement and disposition of livestock.

3. WPB Directive delegated to Secretary of Agriculture authority to set aside spray dried milk for government war requirements.

VIII TRANSPORTATION

1. County War Boards given authorization to establish county farm transportation committees.

IX PLANT EXPANSION

1. Limited Lend-Lease funds made available to AMA for expansion of dehydration plants. Training schools for plant personnel for production of dehydrated vegetables conducted by AMA and BAIC. AMA recommended priorities for construction to WPB.

X INSULAR FOOD PROGRAMS

1. AMA, in cooperation with the Army and Department of Interior, undertook purchase and shipment of food to Hawaii, Puerto Rico, and Virgin Islands because of disruption of normal trade.

XI DISTRIBUTION PROGRAMS

1. AMA launched Victory Food Special Program to push sale of food in seasonal abundance.

ACTIONS TAKEN BY THE DEPARTMENT OF AGRICULTURE AND ORGANIZATIONAL CHANGES

1943

I PRODUCTION INCENTIVES

1. Marketing quotas for wheat, cotton, peanuts, and fire-cured and dark air-cured tobacco suspended.
2. In some areas, crop payments made contingent upon planting of at least 90% of the farm war crop goal.
3. CCC undertook price support of cottonseed through purchase and resale of cottonseed oil.
4. CCC announced loan and purchase program on dry beans and peas, loan program on potatoes, sweetpotatoes and numerous pruchase and resale programs. to provide incentives and maintain price ceilings.
5. Department requested $100,000,000 for incentive payments, but Congress refused to appropriate funds.
6. Farmers in commercial corn area permitted to overplant corn allotment without penalty provided war crop goals have been met, and corn loans made available to producers meeting war crop goals.
7. Special production payment program for potatoes, dry beans, and fresh crops announced.
8. CCC released additional quantities of feed wheat.
9. Dairy payment program announced to protect farmers against increases in the prices of dairy feeds.
10. Food Production Order issued covering distribution of protein feed.

II FOOD REQUIREMENTS AND ALLOCATIONS

1. Food Distribution Administration appointed the Inter-Agency Allocations Committee, with various commodity sub-committees, which included representatives from WPB, Marine Corps, War Department, Navy Department, OPA, Veterans Administration, Lend-Lease Administration, State Department, Interior Department, and Board of Economic Warfare, to make recommendations on food allocations before referral of proposed allocations to the Secretary's Food Advisory Committee. Secretary to make final determinations of allocations of U. S. supplies, based on recommendations of the Food Advisory Committee and the Combined Food Board.

III PROCUREMENT

1. FDA formed an Inter-Agency Food Procurement Committee to assist in developing a more unified and efficient Government procurement program for food.

2. Committee on Foreign Purchase and Importation formed, chairmanned by President of CCC; FDA to allocate imports acquired by CCC.

3. Foreign procurement other than procurement of food in Canada and sugar in the Caribbean area transferred from WFA to FEA, WFA to issue directives to that agency for procurement.

4. By agreement between CCC and FDA, administration of General-Import Order M-63 assigned to FDA, which order controlled private purchases of food in foreign countries.

IV MATERIALS AND EQUIPMENT

1. County and State War Boards required to make recommendations on applications for on-farm construction involving critical materials.
2. War Food Administrator delegated authority to Chairmen of State War Boards to requisition and dispose of idle farm machinery.
3. Rationing of farm equipment undertaken and distribution of fertilizer controlled.
4. Requirements for materials and equipment for food and agricultural production submitted to WPB.
5. Secretary delegated authority to FDA, FPA, and CCC to approve applications for priority assistance and to recommend priority ratings to be assigned by WPB for non-food materials. (Later coordinated by Office of Materials and Facilities.)
6. Office of Materials and Facilities, in cooperation with commodity branches of FDA, developed program for allocation of tin plate for manufacture of food cans and handled appeals from users of food cans, in administration of WPB Order M-81.

V FARM LABOR

1. Responsibility for initiating requests for draft determent of agricultural workers was shifted from the individual registrant or employer to the State and County War Boards.
2. WFA entered into contracts with foreign laborers and domestic employers covering employment at specified wages and employment periods. Foreign workers given shelter in WFA farm labor supply centers or in growers' housing approved by WFA. Extension Service authorized to recruit, transport, train and place American farm workers, with Office of Labor coordinating and supervising the domestic and foreign farm labor programs.
3. Three wage ceiling orders issued by WFA.

VI PRICE CONTROL

1. CCC undertook numerous purchase and resale programs and other subsidy operations to maintain price ceilings and encourage production.

VII DISTRIBUTION CONTROL

1. Approximately 100 food distribution orders controlling movement of commodities in trade channels issued, including orders requiring processors or handlers to set aside specified percentages of their supplies for government purchase.

VIII TRANSPORTATION

1. County War Boards made recommendations on farmers' applications for tires and gasoline.
2. FDA developed priority list applicable to the transcontinental movement of agricultural products.

IX PLANT EXPANSION

1. Forty-nine processing plants constructed with Lend-Lease funds and leased to applicants.

X FOOD PRIORITIES AND REQUISITIONING

1. Authority for food priorities delegated to the Director of Food Distribution Administration. Food Distribution Regulation 1 issued, covering assignment of priority ratings to contracts for purchase of food.
2. Corn stocks of 96 midwestern elevators requisitioned to get corn for war processing plants.

XI RATIONING

1. War Food Administration determined need for rationing commodities and recommended to OPA.

XII DISTRIBUTION PROGRAMS

1. Food Stamp and Direct Distribution Programs discontinued. Industrial Feeding Program and consumer education work emphasized.

XIII GENERAL

1. Industry Advisory Committees established by FDA. War Meat Board established, chairmanned by Chief of FDA's Livestock and Meats Branch, and composed of representatives of the armed services, OPA, and industry consultants to serve as advisory committee to various Government procurement agencies in adjusting their procurement and price policies.

I. PRODUCTION INCENTIVES

1. Wheat goals for 1944 greatly increased from previous years to supply feed and alcohol needs. Hog goals reduced and slaughter of beef encouraged.

2. Dairy production payment rates increased in 1944. Purchase and resale operations (subsidies) were conducted for oilseeds and products, Cheddar cheese, sugar, certain dried fruits, vegetables for canning, fluid milk, wheat for feed, and livestock.

3. Price support programs were in effect in 1944 for 7 livestock products, 20 field crops, 15 fruits and vegetables for processing, and 49 seed crops.

4. Distribution control of protein meal and feed discontinued in early 1945.

5. Production payments for flaxseed and beef, sheep and lambs undertaken in 1945.

6. No marketing quotas in effect in 1944 and 1945 except for burley and flue-cured tobacco.

7. Over-production of potatoes in 1943 necessitated potato diversion program in 1944.

II. FOOD REQUIREMENTS AND ALLOCATIONS

1. Severe food shortages in 1945 and disagreements between various agencies led to establishment of the Inter-agency Committee to Coordinate Export of Civilian Supplies.

2. President invited the UK and Canada to participate in tripartite meetings to reexamine the position of all major foods in short supply.

III. PROCUREMENT

1. Lend lease operations suspended in 1945. Procurement of commodities for UNRRA and certain foreign countries undertaken.

IV. MATERIALS AND EQUIPMENT

1. Rationing of farm machinery suspended in 1944.

V. DISTRIBUTION CONTROL

1. During 1944-45 28 new food orders were issued and 22 terminated. Seventy-eight orders were in effect in June 1945 as compared to 68 in June 1944.

VI. TRANSPORTATION AND STORAGE

1. Warehousing and transportation situation very critical. Two cold storage orders issued to prohibit refrigerated storage of products that could be kept in dry storage. War Food Order issued to control the elevation of grain at all ports.

VII. RATIONING

1. Intensive review of rationing of meat, fats and oils and sugar made by the Department in view of short supplies, and recommendations for revision of allotments by OPA were made.

NATIONAL SUBJECT INDEX

CLASS SCHEDULE

TIME									
MON.									
TUE.									
WED.									
THU.									
FRI.									
SAT.									

FINAL EXAMINATIONS

DAY	DATE	TIME	PLACE	COURSE

NAME _____ TELEPHONE _____

ADDRESS _____

SCHOOL _____ CLASS _____

Made in U. S. A.

ACTIVITIES OF AGENCIES OF THE U. S. GOVERNMENT IN THE FOOD PROGRAM OF WORLD WAR II

Prior to December 5, 1942, responsibilities for the basic food program were somewhat scattered. This was due in part to the fact that food did not seem to be a serious problem during much of the early period. After December 5, 1942, however, major responsibilities for war food were concentrated in the Department of Agriculture and shortly thereafter transferred to the War Food Administration of the Department. Even during this last period, however, the War Food Administrator had to work with and through numerous other agencies of the Government. Apparently, the dissipation of responsibility was a primary factor in the resignation of the first War Food Administrator. The War Food Administration worked with OPA on prices and distribution of food to consumers; with WPB on farm machinery and equipment; with ODT on domestic transportation matters; with WPB and representatives of various agencies in determining ocean shipping priorities for the guidance of the War Shipping Administration; with the Selective Service System and the War Manpower Commission on farm labor; with the State Department, FEA, Combined Food Board, military establishments and foreign governments on food requirements and allocations; and shared with the Army and other agencies responsibility for food procurement.

It should be noted that the tendency to establish "czars" for items such as petroleum, coal and food during the war represented an exception from the early war philosophy of the government under which all supply planning and distribution was to be administered on a functional basis.

This statement describes the responsibilities of various agencies for the basic prewar and war food program of the U. S. Government. It then describes the related responsibilities and interest of other agencies.

I War Food Program Which Evolved into Department of Agriculture and War Food Administration Program

Until December 5, 1942, the responsibility for the basic food program in relation to defense and war needs was somewhat divided but to a considerable extent it was outside the Department of Agriculture. In time the components of the basic food program came to include the primary responsibility for the determination of requirements, determination of available supplies, allocation and distribution of available supplies, production programs and supply procurement operations. A chronology of developments on this basic program follows:

A. Advisory Commission of Council of National Defense - May 28, 1940

On May 28, 1940, the President created the Advisory Commission of the Council of National Defense under authority held over from World War I. The advisors on the Commission covered such subjects as transportation, price stabilization, consumer protection, materials, labor, production and agriculture. Chester Davis was designated the advisor on agriculture. Mr. Davis advised on matters such as disposition of surpluses, the role of farm population in the defense program and the development of new agricultural products for defense. All operating functions of the Department of Agricul-

ture remained intact. Food was not an acute problem at this stage since supplies were ample for requirement as determined at that time.

However, on March 6, 1941, Mr. Davis noted the tendency to break off the various divisions of the Advisory Commission and make them the basis for defense agencies. He suggested that an office of food supply be established as a part of the Office for Emergency Management and that it be coordinated with the Office for Production Management. As an alternative, he suggested that a food agency might be established in the Department of Agriculture. This agency would be headed by a strong administrator acting under a Presidential directive to formulate and carry out the Government's food program.

B. Office of Agricultural Defense Relations - May 1941

In May 1941, the Agricultural Division of the Advisory Commission was abolished and its function was placed by Presidential request in an Office of Agricultural Defense Relations in the immediate Office of the Secretary of Agriculture. OADR was supposed to "guarantee and adequate supply of food" and provide "sufficient war materials for expanded defense production." The actual work of OADR was limited largely to liaison with other agencies on priorities and prices. At the time this action was taken the President indicated he did not think we needed a separate "Office of food supply or a food administration" and he did not want to risk the alarm that might result from a broad survey of agricultural supplies. This picture changed somewhat when war was declared.

C. War Production Board - January 16, 1942

On January 16, 1942, the President established the War Production Board by executive order. This Board absorbed the previous Office for Production Management and Supply Priorities and Allocations Board and assumed all the President's authorities over industry, production, raw materials, factories, machine tools, priorities, allocations and rationing of all commodities. Responsibilities for consumer rationing were quickly redelegated to the Office of Price Administration. The broad powers of WPB over food included chiefly formulation of estimates of food and fiber requirements for industrial purposes; assignment of shipping space for the importation of agricultural products in short supply; control of industrial capacity, raw materials and labor used in the manufacture of farm machinery and food processing equipment, etc.

Early in 1942, consideration was given to centralizing food programs in the Department of Agriculture. The Chairman of WPB wanted Agriculture to take over the job of requirements and supplies of fats and oils and the distribution of supplies. The Secretary of Agriculture was not anxious to comply unless he could control foreign purchase as well as domestic production.

On July 4, 1942, a Food Requirements Committee was established in WPB under chairmanship of the Secretary of Agriculture (assisted by the Office of Agricultural War Relations). This Committee also included representatives from the War State and Navy Departments, Office of Price Administration, Board of Economic Warfare, and Office of Lend Lease Administration. This Committee was supposed to determine total food needs, amounts necessary to balance supply and need and division of supplies among the users - Army, Navy, foreign countries, civilians and government agencies. Plans thus formed were carried out by the Department of Agriculture and WPB. The USDA was responsible for growing food, adjusting production, importing food and carrying out conservation campaigns. WPB was supposed do direct the processing of raw foodstuffs and control the distribution of commodities. This arrangement did not work very well. As pressure for a change grew, the WPB Chairman proposed that a Food Director be established in WPB. The Secretary of Agriculture opposed this and proposed a plan which would have continued the divided responsibility but on a somewhat different basis. Meantime the farm organizations, the big labor organizations and the National Association of Manufacturers exerted pressure for a strong food administration. Most of the pressure including a proposal by Herbert Hoover favored making the Secretary of Agriculture the Food Administrator.

D. Department of Agriculture and WPB Relationships After December 5, 1942

On December 5, 1942, the President, through Executive Order 9280, directed the Secretary of Agriculture to assume full responsibility for food programs. This included such major matters as requirements, allocations, distribution, production and procurement, and was the sole example in World War II where an "old line" agency (other than the military establishment) was given responsibility for planning and administering a major war program. This involved a considerable transfer of responsibility and manpower from WPB to the Department. It also left some loose ends which had to be worked out. Section 8 of the Order authorized the Secretary of Agriculture to exercise with respect to food and "any other material or facility" the priority and allocation powers delegated to the President by the Second War Powers Act with disagreements between Agriculture and WPB going to the President for solution. Section 2 of the Order authorized the Secretary to "recommend to the Chairman of the War Production Board amounts and types of non-food materials, supplies and equipment necessary to carry out the food program." To resolve this conflict the Secretary of Agriculture agreed to accept WPB control over non-food supplies and equipment for agricultural production. The Order also made it necessary for most food import priorities to be issued jointly by Agriculture and WPB. This was modified informally so that the directives would be worked out

cooperatively through the Interdepartmental Shipping Priorities Advisory Committee and issued by WPB to the War Shipping Administration.

On March 26, 1943, the President issued Executive Order 9322 which removed the war food program from the Secretary of Agriculture but left it within the Department of Agriculture to be carried out by an Administration of Food Production and Distribution. Under Executive Order 9334 of April 19, 1943, this was renamed the War Food Administration. The Administrator was responsible to the President and was given all the powers in the Order of December 5.

After this time the responsibilities for the basic war food program remained substantially the same. On October 6, 1943, however, the functions of the War Food Administration and Commodity Credit Corporation with respect to the procurement of food, food machinery and other food facilities in foreign countries were transferred to an consolidated with the Foreign Economic Administration. The WFA continued to have authority for food purchased in Canada and sugar produced in the Caribbean Area.

II Responsibilities of Other Federal Agencies for Activities Related to the Basic War Food Program

A. Pricing and Consumer Rationing

1. Pricing of Food

The Advisory Commission of the Council of National Defense, created by the President on May 28, 1940, included an advisor on price stabilization.

On April 11, 1941, the President created the Office of Price Administration and Civilian Supply by Executive Order 8374. This Office took over the work of the price stabilization advisor on the Advisory Commission. At the outset price control was limited largely to persuasion. The Secretary of Agriculture was a member of the Price Administration Committee of the OPACS and the Department of Agriculture and OPACS collaborated in curtailing speculative sales of sugar futures and in dealing with price rises and shortages of cotton textiles.

On August 28, 1941, the civilian supply function of OPACS was transferred to the Office for Production Management and its name was shortened to OPA.

In July 1941, the President recommended passage of price control legislation which concentrated on price control without reference to wages. Farm organizations argued that ceilings should not be set on agricultural commodities until they had reached 110% of parity. The administra-

tor of OPA opposed this bill. It should be noted that the Department of Agriculture had a price support program which it hoped to gear to the encouragement of war production and the channeling of war supplies. However, the philosophy of price floors and flexibility above the minimum level was not easy to reconcile with the price ceilings favored by OPA.

On December 10, 1941, while debate on the price control legislation was still underway, OPA put price ceilings on all types of fats and oils to prevent speculative buying. The American Farm Bureau Federation charged that OPA acted without consulting the Department of Agriculture.

In January 1942, the Emergency Price Control Act of 1942 was passed and approved by the President. This Act provided that price ceilings on agricultural commodities could not be established until the commodity had reached the highest of the following prices a) 110% of parity or comparable price, b) the market price as of October 1, 1941, c) the market price as of December 15, 1941 or d) the average price for such commodity during the period July 1, 1919 to June 30, 1929. Approval of the Secretary of Agriculture was a prerequisite to fixing any price for an agricultural commodity.

On April 18, 1942, the OPA issued its Current Maximum Price which established maximum prices on almost all consumer articles. This brought about a squeeze particularly on such items as canned fruits where retailers had to pay more for them than the consumer ceiling allowed them to charge. It appeared that the policy of flexible prices for agricultural commodities was consistent with the farm program and consistent with efforts to obtain more agricultural production but inconsistent with the President's desire to establish workable ceilings which would prevent inflation.

On April 27, 1942, the President issued a seven point anti inflation program which included stabilization of farm prices.

On June 19, 1943, the President asked the Secretary of Agriculture to use CCC funds or funds available to buy for resale at a loss where the food price situation was critical. He also asked the OPA Administrator to work with the Secretary of Agriculture in trying to keep food production up and the cost of living down. Action under this request was postponed, however, pending discussion with the Congress.

On September 7, 1942, the President noted the rise in food costs and asked Congress for immediate revision of the Price Control Act.

This revision took the form of the Stabilization Act of 1942 which was signed on October 2. This Act provided that ceilings for agricultural commodities could not be set below the higher of two prices a) parity or comparable prices as determined and adjusted by the Secretary

of Agriculture and b) the highest price received by producers between January 1, 1942 and September 15, 1942. Due account was to be taken of farm labor costs.

On October 3, 1942, the President issued Executive Order 9250 which established the Office of Economic Stabilization and an Economic Stabilization Board consisting of the Secretaries of Treasury, Agriculture, Commerce, Labor, the Chairman of the Board of Governors of the Federal Reserve System, the Director of the Budget, the Price Administrator, the Chairman of the War Labor Board and two representatives of labor, management and agriculture appointed by the President. The Department of Agriculture and the OPA were to be jointly responsible for the control of agricultural commodity prices with disagreements resolved by the Office of Economic Stabilization.

On December 11, 1942, a memorandum of understanding was issued in which OPA agreed to consult the Department of Agriculture (later War Food Administration) on all pending price regulations affecting processed as well as other agricultural commodities. The USDA agreed to consult OPA on market agreements, regulations and price support programs. This didn't work too well, but it remained the basic pattern of operation between the two agencies.

2. Rationing of Food

On January 24, 1942, the WPB gave OPA responsibility for the administration of consumer rationing.

The Department of Agriculture at first assumed that the Order of December 5, 1941, gave the Secretary authority to determine the amounts of food available for rationing. This would leave with OPA only responsibility for rationing mechanics. OPA, however, indicated that, in addition to rationing mechanics, it would also have to determine that supplies necessary to meet the rationing demand were available.

On January 10, 1943, the Secretary of Agriculture informed the Office of Economic Stabilization that he wanted all food rationing responsibilities transferred to the USDA but that he would work through the OPA rationing boards. This appeared to be an impractical suggestion.

On February 12, 1943, the Secretary of Agriculture and the Price Administrator signed an agreement under which the USDA was recognized as the responsible agency for determining supplies of food available for consumption. OPA was responsible for developing rationing programs and procedures. A Food Rationing Policy Committee was established but it did not become very active.

In April 1943, the OPA restrictive order on amounts of meat which large slaughterers could process was transferred to the

War Food Administration. The slaughter control problem never was solved and the controls were transferred baco to OPA in 1945.

B. Agricultural Machinery and Equipment

On January 7, 1941, the President established the Office of Production Management by Executive Order 8629. The OPM and the OPM Council assumed responsibility for industrial production, raw materials, labor priorities and certain other matters formerly vested in the Advisory Commission of the Council of National Defense.

On August 28, 1941, the Supply Priorities and Allocations Board was superimposed over the OPM Council to weigh requirements and to make broad allocations of resources. In this connection, farm machinery was one of the big problems. The Department of Agriculture presented machinery requirements to the Board through the Office of Agricultural Defense Relations.

WPB was established by Executive Order on January 16, 1942, absorbing responsibility of the OPM and SPAB. As already noted, WPB controlled the industrial capacity, raw material and labor used in the manufacture of farm machinery and food processing equipment. This control continued even after most of the direct food responsibilities were transferred from WPB to Agriculture by the Executive Order of December 5, 1942. The USDA sent estimates of non-food materials, supplies and equipment necessary for agricultural production to the WPB (except for those items which went through the Office of Defense Transportation.) WPB considered the requirements and made allocations the same as for other production programs. This finally worked out fairly well after the Office of Materials and Equipment was established in WFA to consolidate requests for these items.

The Office of Defense Transportation established by Executive Order 8989 on December 18, 1941, became the dominant agency before WPB on critical materials needed by the transportation industry. For example, ODT consolidated all truck requirements including those of agriculture.

C. Transportation

1. Ocean Shipping

On February 28, 1941, the Division of Emergency Shipping was established in the Maritime Commission to maintain liaison with various departments and supervise all emergency shipping. Maritime was to cooperate with OPM on import priorities.

In June 1941, priority lists were cleared with other agencies by the Shipping-Priorities Advisory Committee which was made up of representatives of various agencies including the Department of Agriculture.

On December 8, 1941 the Strategic Shipping Board was established to plan the allocation of merchant shipping and coordinate the activities of the War and Navy Departments and the Maritime Commission. This also failed.

On February 7, 1942 the War Shipping Administration was established by Executive Order 9050 with authority to allocate shipping but in accordance with WPB schedules on imports. Export information was to come from the Board of Economic Warfare and the Office of Lend Lease Administration. After December 5, 1942, the WPB import schedules were prepared under the supervision of the Interdepartmental Shipping Priorities Advisory Committee which included representatives from the Department of Agriculture (WFA).

2. Domestic Transportation

One of the advisors on the Advisory Commission of the Council of National Defense established on May 28, 1940 was concerned with recommendations on needed railroad equipment and suggestions on such matters as port congestion, grain shipments, etc.

On December 18, 1941, the Office of Defense Transportation was created by Executive Order 8989 to coordinate transportation policies of the industry, protect the interests of war transportation before other government agencies, negotiates rates with domestic carriers, etc. As already noted, ODT was concerned with the full use of equipment and all refrigeration cars were pooled. The ODT encouraged the provision of increased storage space where this seemed necessary. ODT established certain shipping priorities and on one occasion orders were issued to increase water shipment of one at the expense of grain and steel shipments.

ODT had a part in the rationing of trucks including farm trucks. After March 9, 1942 WPB issued Certificates of Transfer on the basis of recommendations by ODT.

All farm applications were processed by State and County War Boards of USDA and then sent to the local allocation offices of

ODT for issuance of Certificates of War Necessity. (Later review was made by County Farm Transportation Committees before the applications were submitted to the War Boards. These committees also worked with ODT on maintenance and repair and gave out information on proper use.)

On June 24, 1944 the ODT assumed responsibility for issuance of Certificates of Transfer for farm trucks.

OPA was responsible under the general WPB directive of January 24, 1942 for rationing tires and gasoline. These items were rationed on the basis of certificates of War Necessity issued by ODT which in time depended on recommendations of the County Farm Transportation Committees, War Boards, etc.

D. Farm Labor

1. Supply

The Advisory Committee of the Council of National Defense created on May 28, 1940 had an adviser on labor whose responsibilities were later absorbed by the Office for Production Management. OPM had a Labor Division and a National Labor Supply Committee on which all interested agencies were represented. There were numerous other overall labor agencies in the government notable among which was the U. S. Employment Services.

On September 16, 1940, the Selective Service Act was approved.

In November 1942 Congress required (P.L. 772) that agricultural workers be given special consideration for occupational deferment. By September 1, 1943, 2,095,188 agricultural workers had been given deferment compared with 1,527,382 in all other industries. The War Food Administration, among other agencies, was given authority to request deferment of essential workers.

On April 18, 1942, the War Manpower Commission was established and at first it served only as a policy canopy over other labor and manpower agencies. By December 5, 1942, however, it inherited operating responsibilities which included the WPB Labor Division, the Employment Service, the NYA Apprentice Training Service and the Selective Service System. A Management Labor Policy Committee was established consisting of 16 representatives of industry, management, labor and agriculture. The WMC had authority to regulate all hiring and recruiting in critical areas.

It should be noted, however, that the Department of Agriculture, through the county agents, War Boards and Farm Security Administration played a large part in recruiting farm labor and in January 1943, the USDA was given full responsibility for this activity.

2. Farm Wages

On January 12, 1942, Executive Order 9017 was approved establishing the National War Labor Board which was concerned not only with the settlement of labor disputes but with the establishment of a wage policy.

On October 27, 1942 Stabilization Director Byrnes issued regulations directing that all wages and salaries under $5000 were to be controlled by the NWLB and salaries in excess of $5000 by the Bureau of Internal Revenue of the Treasury Department. No distinction was made between agricultural and other wages.

On October 30, 1942 the Secretary of Agriculture protested saying that there was no general need to hold agricultural wages down. Rather higher wages were deemed necessary to insure an adequate labor supply.

The Stabilization Director amended his regulations on November 30, 1942 to give the Secretary of Agriculture jurisdiction over wages and salaries of agricultural labor. Employers were free to increase compensation up to $2400.

On December 9, 1943, jurisdiction over waged and salaries between $2400 and $5000 formerly held by the War Labor Board (and the Bureau of Internal Revenue) was transferred to the War Food Administration.

E. Requirements and Claimants

Estimating food requirements involved considerable knowledge of the requirements of other agencies and governments. The general procedure was outlined by the Secretary of Agriculture on January 29, 1943. Foreign governments purchasing through lend-lease submitted their estimates direct. The Department of State and Board of Economic Warfare acted as claimants for foreign governments buying for their own account. The Combined Food Board, established in June 1942, provided information on world supply and assisted with allocation. Information on Army and Navy food needs was not always available and not always accurate.

Another difficulty occurred in estimating foreign food requirements for relief purposes. In North Africa, for example, several agencies were concerned but not all appeared as claimants.

Civilian requirements in the United States were estimated by the Department of Agriculture.

It was possible to do a better job of estimating foreign requirements when on September 25, 1943, the Foreign Economic Administration was created by Executive Order 9380 with responsibilities for lend-lease, reverse lend-lease, foreign procurement, foreign relief, export control and economic warfare.

F. Procurement

By 1943 food procurement activities were consolidated for the most part in the Department of Agriculture and the Army.

Under the Executive Order of December 5, 1942, the Secretary of Agriculture was to correlate procurement of food by Federal agencies so as to create a minimum of disturbance to supplies.

In January 1943 an Interagency Food Procurement Committee was established with subcommittees to study various commodities. This committee was not very effective. A major difficulty with procurement by both the USDA (WFA) and the Army from this point on was the failure to follow requirements and allocations rigorously. "Set aside" orders were employed to insure enough supply for the military and the estimate upon which these orders were based were frequently exaggerated.

G. Miscellaneous

On August 16, 1940, the Office of Coordination of Commercial and Cultural Relations between the American Republics was established by the National Defense Advisory Commission. Among other things this office was interested in agricultural programs and the Interdepartmental Committee on Inter-American Affairs included a representative from the Department of Agriculture. Functions of this office were taken over by the Office of the Coordinator of Inter-American Affairs established by Executive Order 8840 of July 30, 1941.

The Board of Economic Warfare established by Executive Order 8982 of December 17, 1942, was concerned among other things with agricultural rehabilitation abroad. Apparently this also came to be a concern of the Office of Foreign Relief and Rehabilitation Operations which was established in the State Department on December 4, 1942. These agencies were later absorbed by the Foreign Economic Administration.

The Office of Facts and Figures established October 24, 1941 by Executive Order 8922 was responsible for coordinating war information activities of other government agencies. It also advised other agencies on censorship codes.

On June 16, 1942 the Office of War Information was established by Executive Order 9182 with authority to issue directives to all departments and agencies on all matters pertaining to their war information servies. OWI cleared news releases, addresses, publications, radio, motion pictures, posters and other graphics, and advertising and comprehensive war information.

On June 28, 1941, the Office of Scientific Research and Development was established by Executive Order 8807 to carry on work begun by the National Defense Research Committee of the Council of National Defense. Among other things, this office was responsible for reviewing all research programs of the government and advising agencies with respect to the relationship of their research to the total research program of the government.

MAJOR U.S. CIVILIAN WAR AGENCIES AS OF 1945 AND THEIR PREDECESSOR AGENCIES

1. Foreign Economic Administration (OEM)

Established within Office of Emergency Management by Executive Order 9380 of September 25, 1943, to unify and consolidate governmental activities relating to foreign economic affairs. The order transferred to the Administration the Office of Lend-Lease Administration, Office of Foreign Relief and Rehabilitation Operations, Office of Economic Warfare (together with the agencies -- U. S. Commercial Company, Rubber Development Corporation, Petroleum Reserves Corporation, and Export-Import Bank of Washington -- and functions transferred thereto by Executive Order 9361 of July 15, 1943), and foreign economic operations of the Office of Foreign Economic Coordination. Executive Order 9385 of October 6, 1943, transferred foreign procurement activities of War Food Administration and Commodity Credit Corporation to the Foreign Economic Administration. Terminated by Executive Order 9630 of September 27, 1945, and functions redistributed to Department of State, Department of Commerce, Department of Agriculture, and the Reconstruction Finance Corporation.

2. National War Labor Board

Established by Executive Order 9017 of January 12, 1942, to decide labor disputes which could not be settled by other methods and to work toward a stabilization of prices, fair and equitable wages and cost of production. It superseded the National Defense Mediation Board. Abolished Dec. 31, 1945.

3. Office of Censorship

Established by Executive Order 8985 of December 19, 1941, to censor communications by mail, cable, radio, or other means of transmission passing between the United States and any foreign country. Terminated by Executive Order 9631 of September 28, 1945, effective November 15, 1945.

4. Office of Civilian Defense (OEM)

Established within the Office for Emergency Management by Executive Order 8757 of May 20, 1941, as amended, to assure effective coordination of Federal relations with State and local governments engaged in the furtherance of war programs; to provide for necessary cooperation with State and local governments with respect to measures for adequate protection of the civilian population in war emergencies; and to facilitate participation by all persons in war programs. Abolished by Executive Order 9562 of June 4, 1945, effective at the close of business June 30, 1945.

5. Office of Defense Transportation(OEM)

Established by Executive Order 8989 of December 13, 1941 to coordinate the transportation policies and activities of the railroad , motor, inland, waterway, pipe line, air transport, and coastwise and intercoastal shipping industries; to keep close watch on domestic transportation in connection with the war effort; to protect the interests of such transportation before other agencies of the Government and to do everything possible to promote the maximum utilization of transportation facilities. This office superseded the defense transportation advisor on the Advisory Commission of the Council of National Defense.

6. Office of Economic Stabilization

Established by Executive Order 9250 of October 3, 1942 following passage of the Stabilization Act. The Director of the Office was to advise with an Economic Stabilization Board and to give effect to the overall government policy of economic stabilization. He was empowered to issue directives on policy to the Federal departments and agencies. The office was abolished by Executive Order 9620 of September 20, 1945 and the functions were transferred to the Office of War Mobilization and Reconversion.

7. Office of Inter-American Affairs (OEM)

An order of the Council of National Defense, approved by the President August 16, 1940, established Office of Coordination of Commercial and Cultural Relations between the American Republics. This Office was succeeded by Office of the Coordinator of Inter-American Affairs, created in Office for Emergency Management by Executive Order 8840 of July 30, 1941, to serve as coordination center of cultural and commercial relations with the other American republics. Name changed to Office of Inter-American Affairs by Executive Order 9532 of March 23, 1945. Executive Order 9608 of August 31, 1945, transferred to the Department of State the information functions. Terminated by Executive Order 9710 of April 10, 1946, and functions transferred to the Department of State, effective May 20, 1946.

8. Office of Price Administration

Established as Office of Price Administration and Civilian Supply (OEM) by Executive Order 8734, April 11, 1941 taking over the functions of the price advisor on the Advisory Commission of the Council of National Defense. OPACS was concerned with price control and the allocation of certain residual supplies. It had very little power in connection with price control. The name was changed to Office of Price Administration by Executive Order 8875 of August 28, 1941. The Emergency Price Control Act of 1942, January 30, 1942 established OPA as an independent agency. OPA was responsible for the prevention of excessive and speculative price increases, price dislocations and inflationary tendencies. OPA was authorized to establish maximum prices and maximum rents in certain areas. WPB gave OPA responsibility for consumer rationing.

9. Office of Scientific Research and Development (OEM)

Established by Executive Order 8807 of June 28, 1941 to mobilize the scientific personnel and resources of the nation in the conduct of scientific and medical research relating to national defense and the war. OSRD carried on work initiated by the National Defense Research Committee created earlier by order of the Council of National Defense.

10. Office of Strategic Services

By Military Order of June 13, 1942, the Office of Coordinator of Information, exclusive of foreign information activities transferred to the Office of War Information by Executive Order 9182 of June 13, 1942, was designated Office of Strategic Services and transferred to the jurisdiction of the Joint Chiefs of Staff. Functions as modified by Executive Order 9312 of March 9, 1943, were to collect and analyze such strategic information as required by the Joint Chiefs of Staff for military operations and planning and conducting special operations not assigned to other Government

agencies. Executive Order 9621 of September 20, 1945, provided for the termination of the Office of Strategic Services, effective October 1, 1945, and for the distribution of its functions to the Department of State and the War Department.

11. Office of War Information (OEM)

Established within the Office for Emergency Management by Executive Order 9182 of June 13, 1942, to consolidate into one agency war information functions of the Government--foreign and domestic. The order consolidated Office of Facts and Figures, Office of Government Reports, the Division of Information of the Office for Emergency Management, and Foreign Information Service, Outpost, Publications, and Pictorial Branches of the Coordinator of Information. Authorized to formulate and carry out, through use of press, radio, motion pictures, and other facilities, information programs designed to provide an intelligent understanding, at home and abroad, of the status and progress of the war effort and of the war policies, activities, and aims of the Government. Abolished by Executive Order 9608 of August 31, 1945. The Bureau of Special Services and functions with respect to the review of publications of Federal agencies were transferred to the Bureau of the Budget. Foreign information activities were transferred to the Department of State.

12. Office of War Mobilization and Reconversion

Established by the War Mobilization Act of 1944 as the agency to coordinate the war effort and to promote and assist in the development of demobilization and reconversion plans. It superseded the Office of War Mobilization which had been established by Executive Order 9349 of May 27, 1943.

13. Office for Emergency Management

Established on May 25, 1940 by administrative order of the President pursuant to Executive Order 8248 of September 8, 1939. Activation of the office provided the President with assistance in the coordination and direction of emergency agencies. Most of the new administrative agencies necessary for defense and war originated as units of the Office for Emergency Management. Actually the OEM was not so much an office as it was a grouping of defense and war agencies.

14. Petroleum Administration for War

Established by Executive Order 9276 of December 2, 1942, which abolished the Office of Petroleum Coordinator for War and transferred functions to new Administration. Purpose was to coordinate and centralize the war policies and activities of the Government relating to petroleum and to provide adequate supplies of petroleum for the successful prosecution of the war and for other essential purposes. Terminated by Executive Order 9718 of May 3, 1946, effective May 8, 1946.

15. Surplus War Property Administration (OWM)

Established within Office of War Mobilization by Executive Order 9425 of February 19, 1944, to supervise and direct the handling and disposition of surplus war property. The administration ceased to exist upon establishment of the Surplus Property Board by the

Surplus Property Act of 1944 (58 Stat. 768; 50 USC 1614). An act approved September 18, 1945 (59 Stat. 533), established within the Office of War Mobilization and Reconversion the Surplus Property Administration, under a Surplus Property Administrator, and abolished the Surplus Property Board. Executive Order 9689 of February 1, 1946, merged domestic functions of Surplus Property Administration into War Assets Corporation under Reconstruction Finance Corporation. Foreign functions were transferred to Department of State.

16. War Assets Corporation (RFC)

On June 30, 1943, the Reconstruction Finance Corporation established the Petroleum Reserves Corporation, pursuant to section 5d of the Reconstruction Finance Corporation Act, to buy or otherwise acquire reserves of crude petroleum from sources outside the United States. Executive Order 9361 of July 15, 1943, transferred the Petroleum Reserves Corporation to the Office of Economic Warfare, which, by Executive Order 9380 of September 25, 1943, was consolidated into the Foreign Economic Administration. Executive Order 9630 of September 27, 1945, transferred its functions back to the Reconstruction Finance Corporation, which amended its Charter on November 9, 1945, so as to change its name to War Assets Corporation. Effective as of the close of business January 15, 1946, War Assets Corporation was designated by the Surplus Property Administrator as disposal agency for all types of property for which the Reconstruction Finance Corporation was formerly the disposal agency. Executive Order 9689 of January 31, 1946, transferred surplus property functions of War Assets Corporation to the War Assets Administration, established by the same order, effective March 25, 1946. In this connection the President directed that the Board of Directors of the Reconstruction Finance Corporation take necessary steps to dissolve the War Assets Corporation as soon after March 25, 1946, as practicable.

17. War Food Administration (USDA)

Executive Order 9280 of December 5, 1942, established within the Department of Agriculture a Food Distribution Administration and a Food Production Administration by consolidating various agencies as follows: Under Food Distribution Administration were grouped the Agricultural Marketing Administration, Sugar Agency, distribution functions of Office for Agricultural War Relations, regulatory work of Bureau of Animal Industry, food units of War Production Board; under Food Production Administration were grouped the Agricultural Adjustment Agency, Farm Credit Administration (returned to former status as a separate agency of Department of Agriculture by Executive Order 9322 of March 26, 1943), Farm Security Administration, Federal Crop Insurance Corporation, Soil Conservation Service, and food production activities of the War Production Board and the Office of Agricultural War Relations, and the Division of Farm Management and Costs of the Bureau of Agricultural Economics.

Executive Order 9322 of March 26, 1943, consolidated the Food Production Administration, Food Distribution Administration, Commodity Credit Corporation, and the Extension Service of the Department of Agriculture to be under the direction and supervision of an Administrator, directly

responsible to the President. Executive Order 9334 of April 19, 1943, changed the name to War Food Administration. Its functions were to determine military and civilian food requirements, allocate the Nation's farm production resources as needed, assign priorities, make allocations of food for all uses, and insure efficient and proper distribution of food supply. Terminated by Executive Order 9577 of June 29, 1945, effective at the close of business June 30, 1945, and functions, duties, and powers transferred to Secretary of Agriculture. Transfer made permanent by Reorganization Plan III of 1946, effective July 16, 1946.

18. War Manpower Commission (OEM) 1/

Established within Office for Emergency Management by Executive Order 9139 of April 18, 1942, to assure the most effective mobilization and utilization of the Nation's manpower for war. Terminated by Executive Order 9617 of September 19, 1945, and functions, except the Procurement and Assignment Service, transferred to the Department of Labor.

19. War Production Board (OEM) 2/

Established within the Office for Emergency Management by Executive Order 9024 of January 16, 1942, amplified by Executive Orders 9040 of January 24, 1942, and 9125 of April 7, 1942, to exercise general direction over the war procurement and production program. Executive Order 9638 of October 4, 1945, provided for (1) the termination of the War Production Board and (2) the establishment of a successor agency, Civilian Production Administration, effective at the close of business November 3, 1945.

20. War Relocation Authority (OEM)

Created within the Office for Emergency Management by Executive Order 9102 of March 18, 1942, to provide for the relocation, maintenance, supervision, and placement in public and private employment of persons whose removal from areas designated by the military commands (under authority of Executive Order 9066 of February 19, 1942) was necessary in the interest of national security. Transferred to Department of the Interior by Executive Order 9423 of February 16, 1944, to be administered as an organizational entity by the Secretary of the Interior. On June 8, 1944, the President directed the Authority to administer an emergency refugee shelter for civilian refugees evacuated from the European theater of war. Terminated by Executive Order 9742 of June 25, 1946, effective June 30, 1946.

21. War Shipping Administration (OEM)

Established within the Office for Emergency Management on February 7, 1942, by executive Order 9054, issued under the First War Powers Act (55 Stat. 838, ch. 593; USC title 50 App. secs. 601 et seq), to control operation, purchase, charter, requisition, maintenance, insurance, and use of all ocean vessels under control of the United States except combat vessels, Army and Navy transports, and vessels engaged in coastwise, intercoastal, and inland transportation under control of the Office of Defense Transportation; and to collaborate with the Federal

---

1/ Included among others the Selective Service System and the U. S. Employment Service.

2/ Succeeded the Office for Production Management and the Supply Priorities and Allocations Board.

Departments and agencies concerned to insure the most effective use of United States shipping in the prosecution of the war. Terminated and functions transferred, effective September 1, 1946, to the United States Maritime Commission by Public Law 492, 79th Congress, approved July 8, 1946.

NOTE: In addition to this list there were the combined boards set up by the President and Prime Minister of Great Britain including:

Combined Food Board - Est. June 9, 1942,
Combined Production and Resources Board - Est. June 9, 1942,
Combined Raw Materials Board - Est. Jan. 26, 1943.

Also there were numerous U. S. war corporations established in various agencies. Some examples follow:

Cargoes Inc. (FEA) - Est. October 30, 1941,
Defense Plant Corporation (RFC) - Inc. August 22, 1940,
Defense Supplies Corporation (RFC) - Inc. August 29, 1941,
War Damage Corporation (RFC) - Inc. Dec. 13, 1941,
War Materials, Inc. (RFC) - Inc. August 24, 1942,
War Forwarding Corporation (WSA),
War Hemp Industries, Inc. (USDA) - Chartered Feb. 1, 1943.

There were numerous groups and committees. One committee of particular importance was the President's Soviet Protocol Committee established October 30, 1942 in order to determine supply requirements for the Soviet Union.

PRICE POLICY

(Abstracts from Wartime Economic Planning in Agriculture by Bela Gold, 1949)

A. General

The two major problems of wartime price policy were:

(1) to control the general price level, and

(2) to convert the peacetime structure of price differentials so as to encourage the conversion of the peacetime economy to emergency needs.

Food mobilization and inflation control policies were closely interacting. Both had to be considered if sound policies relating to either were to be forthcoming. To expand and to alter the content of agricultural production would have presented a less serious challenge, at least from the standpoint of farmer motivation, if price offerings had not had to be limited by inflation control considerations. Nor would it have been as difficult to maintain and even to reduce current price levels if we had had no care for the resultant lessening of supplies. It was precisely the mutual compromise of these apparently conflicting objectives of speeding agricultural mobilization and yet safeguarding inflation controls, that represented the central task of wartime food price policy.

The heated disputes that arose repeatedly over price policies retarded the mobilization of food resources more seriously that is commonly realized. Appropriate price policies were necessary to encourage progress in the directions determined in advance by food production, distribution and consumption policies. But the very heat of these controversies so concentrated the attention of disputants on price considerations alone that the early years of the war, and to a larger extent the later years as well, were characterized by efforts to define price policies without first securing agreement on the operating policies which were thus to be implemented.

The unformulated answers to the following questions constituted the very foundations on which the food price program should have been erected.

(1) What was the relative order of essentiality of the multitude of food crops and animal products being grown in the U. S.?

(2) How much was needed of each in order to meet foreign and domestic requirements?

(3) To what extent had the output of relatively unessential crops to be reduced in order to make possible sufficient production of these needed more urgently?

So long as price policy discussions continued without sound footing in such prior determinations, it was inevitable that the compromises reached would continue to bear no close relationship to the tasks of war mobilization.

So long as the detailed objectives of food conversion remained undefined, not only was it impossible to design price policies which would have effectively advanced such efforts, but price discussions were forced by default to focus on inflation-control issues alone. The chief consideration in Congressional discussions concerned with raising or supporting the price of a specific commodity was not whether the war effort required a greater or lesser production of it, but simply whether the current price was high enough to cover production costs and leave net returns to growers comparable to those secured by other, perhaps more essentially employed, economic groups.

B. Prices and Economic Stabilization

The efficacy of food price policies in supporting economic stabilization was determined by the adequacy of financial returns to farmers, processors and distributors relative to their operating costs and risks, and also by the reasonableness of purchase prices to consumers in proportion to their incomes. The raise farm prices while freezing retail price ceilings threatened risks as disruptive of effective food management as to roll back consumer prices without safeguarding the producer, and represented measures as evasive of wartime realities as to fix prices at some point in the production-distribution process without controlling prices at other stages as well.

(1) Returns to Farmers - 1940-45

Four major conclusions emerge from a review of farm prices and net returns during 1940-45:

(a) That farmers were rewarded for their intensified efforts with great generosity.

(b) That majority of farmers did not need nor agressively demand continued sharp increases in farm prices during the primary formative period of wartime price policy development -- roughly 1942 and 1943.

(c) That individual farm product prices should have been restructured in their relationship to one another if they were to encourage closer conformance with wartime food requirements.

(d) That adequate provision had not been made, nor could it have been effected through existing price support measures or any other contemplated price policies alone, to meet the deeply felt needs of farmers to compensate for marginal production, and for a larger volume and more appropriate forms of credit to permit the full utilization of their resources for war purposes.

(2) Returns to Processors and Distributors

Although it is difficult to secure fully comprehensive and accurate data bearing on the operations, costs and incomes during the emergency of the numerous groups participating in the processing

and distribution of agricultural products between farmers and the ultimate consumer, the available evidence suggests that they, too, were advantaged by wartime prosperity.

In short, there was no evidence of such economic pressure on distributors and processors as a whole as would have justified proposing a general increase in price levels so as to expand the net margins of these groups. At the same time, however, some internal adjustments in price differentials and in price controls were necessary to correct developments which were impeding the effective management and distribution of our civilian food supply.

Our long habituation to the guidance of economic activities by price differentials means that, even during war, whenever verbal exhortations from the government run counter to existing price relationships, the latter tend to be more influential. Having inherited a peacetime structure of such differentials in distribution as well as in production, it was possible to fully effectuate food management objectives only by supplementing our price-freezing defenses against inflation with new, positive wartime policies utilizing the weapon of changed internal price relationships to stimulate the further mobilization and conversion of distribution resources in accordance with a coherent natural food strategy.

(3) Food Costs and Consumer Incomes

In essence, the effectuation of economic stabilization objectives required that the returns of the various working groups composing the economy remain virtually unchanged relative to one another.

In view of the widespread concern at the time about the possibility of mounting pressure against economic stabilization measures by urban labor, it is noteworthy that the immoderate advances permitted to agriculture during the first half of the war period clearly served to accentuate rather than to ease this threat.

(a) During war per capita annual earnings of persons not living on farms rose little more than one-third as rapidly as per capita average for farm residents.

(b) Real value of increment in non-agricultural earnings was materially reduced by the rapid increase in retail price of farm food products.

(4) The Threat to Economic Stabilization

Every retreat from stabilized price and income relationships, no matter how slight, only quickened the sense of urgency that each economic group felt about the upward readjustment of its own earnings.

Essentially the root cause of the major difficulties in economic stabilization efforts was the necessarily hurried effort to convert an enormously complex peacetime economy into a very different

organism for conducting total warfare. Resultant disjunctures constituted one of the fundamental categories of war cost and hence could have been equitably absorbed only in the same manner as all of the other direct costs of war by the Federal Government. Inability or unwillingness to recognize this truism and to act accordingly generated much competitive jockeying among economic groups to escape what would in truth have been an unfair burden for any of them to be saddled with.

Only three possible causes to remedy problem of mounting food prices stimulating inflationary pressures:

(a) Reduce retail food prices to levels contemplated in the Little Steel formula or at any rate to levels prescribed in the Price Stabilization Act of October 2, 1942.

(b) Relax control of wage and salary levels sufficiently to make possible establishment of a new level of equitable relationship between food costs and consumer incomes.

(c) Simultaneously readjust food costs and consumer incomes to bring them into more equitable alignment.

Two kinds of subsidies were utilized by the Federal Government in order to ease the inflationary pressures affecting retail food costs:

(a) Payments to processors and distributors -- initiated in May, 1943 to effect a rollback in retail prices without forcing corresponding reductions in prices received by farmers. Processors of butter, beef, pork and lamb products were major receipients of such subsidies with smaller sums going to processors of bread and cereal products, sugar and fruits and vegetables.

(b) Direct payments to farmers - - introduced in order to absorb certain extraordinary increases in their costs of production which would otherwise have resulted either in forcing further advances in retail prices or in discouraging the production of needed farm products. Dairy farmers began receiving payments from War Food Administration during last quarter of 1943 to compensate for rise in feed costs after September 1942.

Whatever may have been their indirect achievements in forestalling even greater increases in food costs, it may be observed that wartime food subsidy payments to producers and to distribution and processing agencies did offer significant though declining direct benefits and also that the lesser effectiveness of agricultural price controls caused the direct rewards of marketing subsidies to overshadow those associated with producer subsidies.

Subsidies were capable of, and actually did make, major contributions to the economic stabilization program, but they could never have been more than auxiliary instruments to help effectuate and then to ease the back-pressure against vigorous price controls. It would have been extremely costly and essentially futile from the standpoint of combating inflation, to project an expanding program of subsidies to offset whatever further price advances might result from the continuance of admittedly inadequate price controls.

The most prominent objective of economic stabilization was to prevent farmers, or any other major economic group, from effecting major alterations in established patterns of income distribution in their own favor. In the case of agriculture, this would have required the abandonment of two current policies.

(a) Relying on successively higher price offerings instead of on production controls and facilities allocations to encourage the conversion of farm output in accordance with war needs.

(b) Seeking to alloy economic insecurities of farmers by expanding their current returns instead of providing a comprehensive program of current and long-range safeguards against major financial risks.

Reliance primarily on the incentive of price increases to exapnd and shift agricultural production needlessly brought the farm mobilization and economic stabilization programs into head-on conflict with one another. This apparent antagonism could have been largely resolved by fuller dependence on non-price offerings to supply needed incentives and aids to conversion. Indeed, such a shift was also necessary to deal more effectively with farmers' direct financial insecurities.

Even the admittedly generous level of agricultural prices during the last years of the war failed to uproot the fear of most farmers that for them financial catastrophe loomed beyond the end of hostilities. No program, for economic stabilization, could have proved fully effective which failed to dispel justifiable anxieties stemming from the inadequate guarantees of security of income and assets offered to farmers who were expected to respond to government appeals for the conversion and expansion of production.

C. Prices and Food Mobilization

(1) General

Most of the food price controls which emerged during the war were focussed primarily on the defensive purpose of holding the line against inflation. But economic stabilization was not an ultimate end in itself during the war. Stabilization efforts could not have been permitted to freeze the economy into some transitional pattern of partial mobilization. Their fundamental purpose should have

been to actively advance the level of war mobilization by eliminating certain functions and wasteful diversions in the use of available resources. The test of proposed policies, therefore, was not alone whether they held back or mitigated inflationary pressures but whether they also furthered mobilization aims.

The voluntary character of the greater part of the agricultural mobilization program made its achievements particularly dependent on the strength of the incentives offered to potential recruits. However, wartime price policies fell short of providing compelling motivational stimuli in several respects:

(a) Returns from the more urgently needed and more efficient farm products were not substantially more attractive than those derived from less ential and less efficient commodities.

(b) Returns from the more urgently needed and more efficient farm products were not always encouragingly rewarding relative to the costs involved in such undertakings.

(c) Potential gains were frequently insufficient to fully offset the risks of conversion and expansion.

(2) Price Differentials and Conversion

There was probably no more effective single means of accelerating agricultural conversion than to enhance the financial attractiveness of essential crops in comparison with those deemed either less essential or less efficient in the utilization of available resources. But in order to proceed in this forthright manner, the basic principle of wartime price policies would have had to be changed from one of seeking to assure a "fair return" on all crops, regardless of their essentiality, to one of frank discrimination in favor of war necessities.

Rather than overcoming impediments to war conversion by raising the prices of all war crops well above whatever levels had been reached by competitive unessentials, economic stabilization considerations would have urged that the prices of farm products needed for urgent war purposes be raised only to a point commensurate with their costs of production, while the attractiveness of unessentials was minimized by reducing their prices so as to yield a lesser return per unit of cost. Thus, short of compulsory controls over production, the restructuring of price differentials might well have proved the most expeditious means of dissipating the inertias of peacetime production habits.

(3) Production Payments and Conversion

If shifts were to be encouraged for war purposes from traditional crops and farm practices to new ones which may have been unfamiliar to farm operator and somewhat ill-suited to his recent farm plans and current resources, measures had to be taken which went beyond assuring that the prices offered for essential crops would be high

enough to repay the average production costs of those who had long specialized in such output. Beyond the point where price levels assured a reasonable margin of net returns over operating expenses to most producers, however, direct production payments would probably have proved far more effective then still further price increments in stimulating conversion, in guiding its direction, and in minimizing the resultant pressures on inflation control.

Efficient mobilization of agricultural resources required that the production pattern of each farm be adjusted both to national requirements and to the plans of hundreds of thousands of other farms in the same agricultural region. Close guidance and necessary as it was on the battlefield and in war industries; and it was earnestly desired by farmers eager to maximize their contributions to the war effort. Such guidance as did materialize, however, was neither specific enough nor persuasive enough to maximize achievements. While higher prices alone conferred neither precise guidance nor effective supervisory controls, the Agricultural Conservation Program had long demonstrated that a system of production payments makes it possible to guide how much of needed crops shall be reduced, and even what general methods of tending the crops and the soil shall be encouraged in the interest of raising yields.

As a second objective, production payments could have effected far more stimulus to conversion per dollar of additional cost than higher prices, by making possible selective distribution of rewards so as to achieve greatest results.

Thirdly, production payments would have been far less inflationary that higher prices that were proposed as the alternate means for encouraging greater conversion. Finally, recognition should be given to the obvious fact that the practicalunit of conversion was not a given crop but each individual farm.

(4) Other Incentives to Conversion

Legislative measures and executive orders based on them, offered some security to farmers in the face of post-war uncertainties by assuring government price supports, first at 85% and later at 90% of parity on most war crops for period up to two years after the end of the war.

In addition to this measure, however, appropriate safeguards should have been developed during the war either to support continuing levels of demand consistent with the new capacities and new output patterns or at least to so manage the readjustment of demand as to cushion its impact on producers.

(a) Re-establish such supplementary consumption channels as were provided under the Food Stamp Plan and expand those which had survived on a reduced scale under the School Lunch Program.

(b) Reinstatement of low cost high coverage crop insurance program for all war crops earlier than the time it was passed in December 1944 on a circumscribed, trial basis.

(5) Conclusion

Price policies should have served merely as an instrument to effectuate predetermined food mobilization objectives. Instead Congress recast these roles by giving paramount emphasis to price objectives and leasing the food mobilization program to re-orient itself in accordance with the resultant patterning of incentives. Two results of this inversion were:

(a) Congressional insistence on principle of insuring fair returns to producers of all farm products tended to vitiate whatever efforts were made by food production officials to offer concrete encouragements to shifts in output in accordance with the relative urgencies of war requirements.

(b) This overwhelming comitment of Congress to price measures was basic to its rejection of more direct controls over farm production and agricultural resources and thus demand to food mobilization officials any effective counter-weight to the guidance of production and marketing primarily by a structure of comparative price attraction quite different from the patterning of mobilization requirements.

UNITED STATES DEPARTMENT OF AGRICULTURE
FOOD DISTRIBUTION ADMINISTRATION
Washington D. C.

July 2, 1943

To: S. R. Smith, Acting Deputy Director

From: C. H. Fleischer s/ C. H. F.

Subject: Proposed WFA Food Price Control Policy

We are attaching, for your inspection, a copy of "Proposed WFA Food Price Control Policy," prepared at your request.

This proposal embraces, in outline, the whole field of food price control. It assumes that collateral controls -- taxation, wage policy, etc. -- are a requisite, and that such controls will be exercised.

Even though in outline, this brief runs to considerable length -- a natural consequence perhaps, in view of the complexity of the subject. It is presented with the thought that the whole, as well as its component parts, may serve as a guide to further discussion and development of an effective, all-inclusive program. Ideally-used, it would serve as a medium by which War Food Administration thinking might be brought onto common ground, in terms of problems and solutions. Each individual section, of course, can be enlarged upon and refined -- there is ample latitude for more detailed and divergent discussion.

PROPOSED WFA FOOD PRICE CONTROL POLICY

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June 28, 1943

PROPOSED WFA FOOD PRICE CONTROL POLICY

Submitted by
Charles H. Fleischer
Edward F. Phelps, Jr.

Administrative responsibility within the War Food Administration has been divided between two major organizations: (1) the Food Production Administration, and (2) the Food Distribution Administration.

The Food Production Administration is concerned primarily with the problem of securing maximum agricultural production and of diverting agricultural resources to secure needed production of priority agricultural products. The Food Distribution Administration is charged with responsibility for the orderly distribution of our agricultural production in such a way as to ensure that needed quantities are allocated properly to civilians, to our Armed Forces, and to our Allies.

Since price is probably the major incentive affecting both production and orderly distribution of any commodity, it is essential for all branches of the War Food Administration to take a real interest in the administration of food price controls. With a common understanding of the problems, we can then best utilize, in developing effective and practicable price controls, all the resources available through our long experience in dealing with the production and distribution of food.

As a guide to War Food Administration officials, this memorandum outlines a suggested food price control policy. We believe a sound, vertical organization of the food industry's price structure is essential, from the farmer clear through to the consumer. These notes present, in outline, an approach to such a structure, based upon the experience and patterns which have evolved since the advent of price control. Limitations of space prevent a more concise and detailed discussion of individual topics.

A. Objectives of Food Price Control

1. Control of Agricultural Production

(a) Total production. Since we are committed to supply foods for our own civilians, for the Armed Forces, and to meet necessary food needs of our Allies, our first duty is to ensure maximum total production of all foods. Under our economic system, the profit incentive has been, and continues to be, the primary force influencing the production of any commodity. It is essential, therefore, that returns to producers be set at levels which will net them a fair return and induce production of vitally-needed foods. We believe farm prices generally have

reached this level, and prices to producers are not, at present, a primary problem affecting total production.

(b) Selective production. Once we have induced adequate overall production, we can use our control of prices to divert producer efforts to those foods most vitally needed under a war economy. Regardless of the form taken, necessary diversion will be attained only by providing more favorable net returns to producers for foods most needed in comparison to returns available through production of less essential foods.

2. Control of Distribution

Just as price influences production, so does a sound pricing structure become essential if the orderly distribution of foods to civilians and government is to be maintained in an economy geared to war.

Price controls should seek to erect such a structure for, without it, a disproportionate share of our production would be diverted to those best able to pay. In time of war, there should be no such discrimination, unless it is necessary in the interests of the overall program.

Basically, distributor price controls must encourage the smooth flow of all foods through the normal distributive channels.

Upon this general premise, it will be possible to gear the operating machinery of the food distribution system to the needs of a wartime economy. If it is considered fundamental that the distribution system be maintained in a healthy condition, it will then be possible to establish controls which, price-wise, are as tight as necessary. Upon this basis, too, it will be much simpler to divert the efforts of distributors in whatever direction may be required as a result of the inherent dislocations occasioned by war.

This approach does not guarantee that every distributor's normal position will be perpetuated. Under the most flexible set of controls, there cannot help but be some casualties; any system of price control will effect some standardization and some peril to the individual. It should be the Administration's aim, in developing effective price controls, to alleviate these effects and to strengthen, rather than weaken, the existing distribution system. Only in this way can the full resources of nearly 600,000 food distributors be marshalled in an effective manner.

Some of the possible techniques for effectuating such controls are discussed in more detail later on in this memorandum.

2. Control of inflation. Because of excess purchasing power and a diminishing supply of consumer goods, price control becomes essential as one of the principal instruments of a coordinated program to prevent an inflationary spiral. This is necessary to avoid:

(a) Dislocation of farm land values. If farm prices are permitted to rise excessively, farm land values will increase beyond their true long-range worth. When purchasing power is reduced after the war, the resulting decline in farm land values would cause a complete dislocation of agricultural production such as was experienced after the last war.

(b) Dislocation of processors' and distributors' inventory values. Without price controls, processors and distributors will bid up the price of foods in an endeavor to supply the demand. Here again, we would face a complete disruption of our processing and distribution system due to the inevitable and serious inventory losses which would be suffered when the present excess demand is eliminated.

(c) Dislocation in flow of food to consumers and government. Without price controls, we would have civilians and government bidding against one another for the relatively short supply of foods. This would impede the necessary flow of supplies to civilians and government, with foods going to the highest bidder; moreover, it would increase greatly the final cost of the War.

(d) Excessive consumer cost-of-living. Price control is essential to hold down consumer cost-of-living, since any increase in the cost of living inevitably leads to demand for greater consumer incomes. Increased consumer incomes cause an increase in costs of production, processing and distribution which necessitates higher prices and further demand by consumers for increased incomes, etc. In other words, an inflationary spiral is motivated, inevitably ending in a severe crash in all property and commodity values, and in a completely chaotic economic structure. The necessity of price control as one of the major instruments for the prevention of economic chaos during war has been recognized by nearly every nation. Those countries who had planned for this war well in advance applied governmental price control to their economic systems when they first started to increase the percentage of their national incomes expended for military requirements. Price control enabled these countries to increase expenditures for war purposes at relatively low cost and helped materially to keep their national economies in balance.

B. Admonistration of Price Control

1. Administrative responsibility. In our own country, the Emergency Price Control Act setting up the Office of Price Administration did not become effective until February 1942. This Act was strengthened further on October 2, 1942, particularly in that it increased the discretionary powers of the President; currently, our major price control policy is guided by the Emergency Price Control Act, as amended, and Executive Orders Nos. 9250 and 9328.

In establishing the Office of Economic Stabilization, Executive Order No. 9250 states:

Title I - The guiding policy of the Director and of all departments and agencies of the Government shall be to stabilize the cost of living in accordance with the Act of October 2, 1942; and it shall be the duty and responsibility of the Director and of all departments and agencies of the Government to cooperate in the execution of such administrative programs and in the development of such legislative programs as may be necessary to that end.

Title IV - Prices of Agricultural Commodities. -

1. The prices of agricultural commodities and of commodities manufactured or processed in whole or substantial part from any agricultural commodity shall be stablized, so far as practicable, on the basis of levels which existed on September 15, 1942 and in compliance with the Act of October 2, 1942.

2. In establishing, maintaining or adjusting maximum prices for agricultural commodities or for commodities processed or manufactured in whole or in substantial part from any agricultural commodity, appropriate deductions shall be made from parity price or comparable price for payments made under the Soil Conservation and Domestic Allotment Act, as amended, parity payments made under the Agricultural Adjustment Act of 1938, as amended, and governmental subsidies.

3. Subject to the directives on policy of the Director, the price of agricultural commodities shall be established or maintained or adjusted jointly by the Secretary of Agriculture (War Administrator, Executive Order 9328) and the Price Administrator, and any disagreement between them shall be resolved by the Director. The price of any commodity manufactured or processed in whole or in substantial part from an agricultural commodity shall be established or maintained or adjusted by the Price Administrator, in the same administrative manner provided for under the Emergency Price Control Act of 1942.

4. The provisions of sections 5(a) and 3(c) of the Emergency Price Control Act of 1942 are hereby suspended to the extent that

such provisions are inconsistent with any or all prices established under this Order for agricultural commodities, or commodities manufactured or processed in whole or in substantial part from an agricultural commodity.

Executive Order No. 9328 states:

In the case of agricultural commodities the Price Administrator and the Administrator of Food Production and Distribution (hereinafter referred to as the Food Administrator) are directed, and in the case of other commodities the Price Administrator is directed to take immediate steps to place ceiling prices on all comodities affecting the cost of living. Each of then is directed to authorize no further increases in ceiling prices except to the minimum extent required by law. Each of them is further directed immediately to use all discretionary powers vested in them by law to prevent further price increases direct or indirect, to prevent profiteering and to reduce prices which are excessively high, unfair or inquitable. Nothing herein, however, shall be construed to prevent the Food Administrator and the Price Administrator, subject to the general policy directives of the Economic Stabilization Director, from making such readjustments in price relationships appropriate for various commodities, or classes, qualities or grades thereof or for seasonal variations or for various marketing areas, or from authorizing such support prices, subsidies or other inducements as may be authorized by law and deemed necessary to maintain or increase production, provided that such action does not increase the cost of living. The power, functions and duties conferred on the Secretary of Agriculture under Section 3 of the Emergency Price Control Act of 1942 (Public Law 421, Seventy-seventh Congress) and under Section 3 of the Act of October 2, 1942 (Public Law 729, Seventy-seventh Congress) are hereby transferred to, and shall be exercised by the Food Administrator.

Sec. 3(e) of the Price Control Act:

(e) Notwithstanding any other provision of this or any other law, no action shall be taken under this Act by the (Price) Administrator or any other person with respect to any agricultural commodity without the prior approval of the Secretary of Agriculture (Food Administrator, Executive Order 9328).

These orders make it very clear that all governmental agencies must consider their actions with respect to their effect on the general stabilization program. In the case of agricultural commodities, the War Food Administration is jointly responsible with the Office of Price Administration in taking steps to place ceilings on all agricultural commodities affecting the cost of living.

C. Suggested WFA Price Policy

1. Allocation

(a) Determination of needs. To develop a coordinated allocation program, it is first essential to determine the needs of everyone having a claim on our agricultural resources. Such estimates should be planned as far in advance as possible and in complete detail, for proper determination of our production needs and for planning of efficient distribution.

In preparing estimates of needs, the following should be given full consideration:

(1) An estimate should be made of known needs for 1944 as between civilians, the Armed Forces, and Lend-Lease. These estimates should show desired quantities and absolute minimum needs by commodities in priority order.

(2) Estimates in as much detail as possible should be prepared as to the needs within the above three major classifications. For example, the percentage of vegetables needed for civilian fresh use and for processing, a break down of Lend-Lease requirements by countries, etc.

(3) A priority list should be prepared showing the amounts of all agricultural commodities required to be produced in the year 1944 to meet minimum requirements and desired requirements, giving consideration to carry-over from 1943 production.

When we have determined our desired goals, the following policy might serve as the basis for determining production and distribution prices, as a means for using price to the fullest extent in production and distribution allocation.

2. Price and Production Allocation

As a guiding principle, we should let producers know well in advance what production is expected of them and what their returns will be if they meet or exceed the goals that have been set. Once commitments to producers have been made as to the prices they will receive, these prices should not be changed except for very strong emergency reasons. Otherwise, producers will become confused, lose confidence in our administration, and be less inclined to support our program wholeheartedly.

As a guide in determining prices necessary to secure adequate production of needed agricultural commodities, we should know:

(a) The historical price relationship between agricultural commodities, using as a basis the years 1937-1941;

(b) The cost of production by areas of each agricultural commodity;

(c) The legal minimum returns to producers provided by the Price Control Act and Executive Orders 9250 and 9328; and

(d) Where possible, historical margins received by producers should be obtained, using the years 1937-1941 as a guide.

With this information, we can estimate the prices to be paid producers of agricultural commodities in order to assure them a fair return and to secure needed production.

3. Price and Distribution Allocation

As a basic policy, we should endeavor to have processor and distributor prices established at levels which will provide equal net returns for sales to civilians, to the Armed Forces, or to Lend-Lease, in an effort to discourage, through the removal of price incentive, sales to any of these buyers at the expense of the others.

With approximate price equality and with governmental needs planned in advance, it should be relatively easy to place requisitions for government requirements with those equipped to fill them.

With increased buying power, our most difficult problem lies in proper allocation of civilian supplies. Basically, we should endeavor to secure price relationships to assure:

(a) Equality of returns from different geographic areas for both processor and distributor. For example, butter prices to creameries should provide the same return to the creamery, regardless of where the butter may be shipped. Within a given distributor prices should not favor either a particular localized area or a particular type of distributor. By permitting the same net returns for shipment to any geographic area, we eliminate a major cause of maldistribution.

(b) When there is a national shortage of any commodity, we cannot depend fully upon price to properly allocate the commodity to provide fair civilian distribution. For example, if the total civilian supply of butter is short and the price is adjusted so that additional quantities flow to the West Coast, we only magnify the problem on the East Coast. Once we have set our price controls so that it is equally advantageous to processors and distributors to supply all areas, it is necessary to institute consumer rationing when total shortage develops.

(c) At each level of distribution, generally equitable margins are essential to provide proper allocation. If any essential level of the food industry is squeezed badly, available supplies in the hands of distributors at that level will go only to those outlets which can be serviced profitably. For instance, if wholesalers generally are squeezed on a particular item, they will sell it only to those retailers whom they can service without loss, perhaps through the discontinuance of sales in outlying areas. In some cases, dependent upon the severity of the squeeze, the distribution of some commodities may be halted entirely, as in the case of the refusal of canners to sell asparagus at the present.

Obviously, offective price controls should not so disrupt the smooth allocation and flow of foods through the distributive channels.

(d) Within each level of distribution, it is essential for price regulations to provide fair returns. For example, if a regulation generally satisfactory to chain retailers were too tight for independent grocers, there would be a tendency for independent grocers to discontinue selling, thereby disrupting normal flow to the consumer.

(e) Proper allocation is aided by the establishment of equality in costs, in order that some distributors are not placed in an advantageous position as against others. For example, if chain stores are permitted to pay a higher price for a commodity than independent stores, it follows that the supplier, under price control, will usually divert available quantities to the chain stores, leaving the independents without merchandise.

4. Price Control and Profits

As a general policy, price control should not be used as a means of controlling the profits of food producers, processors or distributors. We should work on the assumption that control of profits is primarily a tax matter.

Profits in the food industry represent a far smaller percentage of the ceiling price at various stages of the food processing and distribution system than in most parts of our total economy. Retail food corporation profits for 1942 were approximately one percent of sales, and there is no evidence that the net profits of individually-owned stores were any higher. This low margin is due to rapid turnover and relatively low capital overhead in relation to sales. Price control, no matter how well administered, is too blunt an instrument to provide practical control over the profits of distributors operating on such narrow profit margins. A variation of one or two percent in the gross margins fixed for grocery retailers can obviously throw many of them into the red, or double their profits. Similarly, in the processing field, a relatively small change in costs or sales volume, with its resultant effect upon overhead, can change the profit picture materially.

We cannot, of course, completely ignore the effect of price regulations on profits. We must establish prices at levels which provide generally equitable margins and, at the same time, we cannot set our price levels so high that exorbitant profits will result.

The following basic rules might be kept in mind as a guide to profit policy:

(a) At the producer and food processor level, we should endeavor to set the same level of prices for each group selling like merchandise in a particular market--with the price level high enough to provide a fair return and, thus, to obtain needed production and processing.

(b) At the distributor level, where there are recognized differences in margins dependent upon type of operation and where these can be clearly defined, we should have differential prices or margins. For example, if chain stores were provided the same margins as independent retailers, it would, in addition to the possibility of increasing prices greatly, have the effect of providing a profit windfall for the chain stores. Conversely, if independent retailers generally were made to operate on the chain margin, large numbers of independents would be forced out of business.

(c) Even where we use differential margins or prices, profits will be likely to vary widely among distributors of the same type; this fact should be recognized and accepted in the interests of an effective program of price control. Excessive individual profits should be siphoned off through taxation.

(d) Where there has been a sharp rise in farm prices which cannot be rolled back because of production needs, it is sometimes possible to reduce processor and distributor profits without dislocation. This can be achieved by reducing processor and distributor margins on the commodity, since, in many cases, reduced mark-ups applied to higher dollar costs will yield satisfactory net returns. Such action, however, should not be taken promiscuously and it should be considered carefully in the light of the commodity's contribution to the total returns of the element of industry affected.

(e) While the same base period cannot be used as a guide in determining fair returns for the entire food industry, the year 1941 should prove generally equitable. During that year most elements of the industry were in reasonably normal relationship, the dislocations of war had not yet become severe, and net returns were neither excessive nor abnormally low for the industry as a whole. In addition, it is the most recent period during which operating figures are available for use in estimating current trends.

5. Levels of Price Control

Since the inception of price controls, it has frequently been suggested that it might not be necessary to establish ceilings at more than one level--generally, at retail. As the result of actual

operating experience, the inadequacy of this approach has become a definite conclusion.

We believe it a requisite to a successful pro ram that ceiling prices be established at all essential levels, with deviation from this overall technique only in special instances.

In writing price controls, it has been general policy to assume shortage and, therefore, only a small volume of selling below ceiling. This policy, with few exceptions, has proved sound and should continue to serve as a basic factor in any consideration of the various methods available. That being the case, it follows that all sales sooner or later seek the imposed ceiling. Should the ceiling be set only at the retail or any other particular level, buyers at that level are immediately subjected to a "squeeze" which they cannot bear and which serves only to disrupt the smooth flow of foodstuffs from producers to consumer.

To put it in another way, competition under price control does not follow its usual laws; as controls have been extended and shortages have developed, wherever some levels were uncontrolled, severe "squeezes" immediately hit those controlled. The impact of rationing has served to emphasize the impossibility of this approach.

Obviously, however, administrative and enforcement difficulties in some cases require a different treatment. Fresh fruits and vegetables, for instance, perishable and fast-moving, are handled by a multiplicity of buyers and sellers at several levels. Trial and error in this field has shown rather conclusively that produce controls must be simple, flexible, and practicable. Grower or farm prices may well be an eventual necessity but, if such is the fact, they should be set at levels which will provide an incentive for whatever production is desired. A "squeeze" price structure, whether at the farm or any other level, will serve no useful purpose and will result eventually in dislocation and a loss of public faith, as well as of production.

The whole question of grower or producer ceilings is worthy of considerable attention. It is a fact that such ceilings are administratively quite feasible, in many cases, and that they might be of considerable value in accomplishing the overall job. At the present time, if they are not set directly, they are established indirectly, wherever there is an f.o.b. shipping point ceiling or a price for a processed agricultural commodity. No matter what the technique, however, these grower returns should be set at levels which will ensure confidence and, in turn, production. Such factors as the maintenance of the flow of goods to both governmental and civilian purchasers, the balance between goods for fresh consumption and for processing, and the incentive to keep goods flowing into all areas in need of such merchandise become matters of mechanics. Once production is assured, there are many available avenues of approach to the technical solution of the problem of equitable distribution.

At any rate, despite the necessary exceptions, all essential levels should be covered in any set of comprehensive controls; with this as a broad yardstick, special techniques may then be applied to special problems. To a very large degree, responsible elements of the food industry have agreed in this analysis of the subject. As is so often the case, most differences of opinion stem from a discussion of proper mechanics; the food industry is aware, however, as are we, that price controls to be effective must function at all essential levels.

6. Selective Price Control vs. Total Control

About two years ago, the Administration commenced a program of selective price control--that is, it set ceilings on certain selected commodities, wherever the prices of those commodities appeared to be developing a runaway tendency. For a time, this sort of pro ram appeared adequate, but price increases soon became more widespread. They commenced quite rapidly to involve all commodities, at all stages in production and processing, and a greatly augmented consumer purchasing power plus a drastic reduction in available consumer goods required immediate action if economic repercussions were to be softened and controlled.

This action was embodied, therefore, in a shift from selective control to overall of the price structure. In the light of experience and events since that time, the shift was sound. There can be little valid argument, at this time, in favor of selective price control as against total control. As a matter of fact, an inspection of the record will generally show that selective control advocates have based their opinions upon their dislike of certain of the mechanics of total control, rather than because of disapproval of the principle of total control.

The situation actually requires a combination of total control and selective mechanics.

We have reached a point in our efforts to control production, distribution and price which makes it impossible to exempt more than a few commodities or services from current or future control. In the field of production, for instance, producers will always be inclined to give priority to those commodities which remain out of control--this despite the fact that such commodities may be non-essential or luxuries. So long as foods such as watermelon, sweetpotatoes, or cantaloupe are completely uncontrolled, many farmers will over-plant productive land to those crops, whether or not our national requirements indicate the production of more essential food. At the distribution levels, a similar effect will be felt. Distributors, controlled price-wise in most of their transactions, will vie with each other to secure the available supplies of these uncontrolled items. The usual laws of supply and demand do not operate and, since no curbs are in force, prices will be bid up until they are thoroughly inflated.

Obviously, such instances, even though comparatively isolated, can well hinder the efficacy of the over-all job of price control.

Perhaps even more important, however, is the psychological effect upon consumers when certain uncontrolled foods follow their natural course upwards. Consumers called upon to pay these inflated prices are inclined to judge the entire price program by these exceptions. At the moment, a large amount of consumer indifference and criticism stems from the fresh fruit and vegetable situation. In this field, prices were allowed to increase to the extent that they were largely responsible for the recent surge in the B.L.S. Retail Food index. Then, when they had reached a high level, temporary controls, impossible of effective enforcement or compliance, were imposed. As a result, the situation passed from bad to worse, offsetting in the public mind most of the worth of the stabilization program on other foods.

It would appear, therefore, that the following factors should play an important part in discussions of selective control versus overall control:

(a) All essential or cost-of-living foods should be controlled as tightly as possible at all levels, keeping in mind an incentive to produce and an orderly distributive flow.

(b) Most other foods should be controlled through the medium of simplified, overall regulations, easily applicable and understood.

(c) Any foods deemed unimportant enough for price control might be indirectly controlled through transportation, container or other limitations.

(d) The general mechanics to be used in any case should be divided roughly into two categories:

(1) Selective mechanics for cost-of-living essentials, designed specifically around the overall program to ensure production, to promote orderly distribution, and to protect consumer cost-of-living.

(2) Overall mechanics for all less-important foods, designed to simplify, consolidate, and effectuate an acceptable program to producers, distributors, and consumer alike.

7. Flexibility of Controls

Most statistics point to the fact that the food industry is the largest in our economy. Entirely aside from several million producers, large and small, located in every area of the country, there are at least 50,000 processors, 10,000 to 15,000 wholesalers, and nearly 600,000 retailers. Any set of rigid rules, theoretically calculated to control the price structure of this vast group, producing

and distributing thousands of items, must invariably fail in large measure.

It cannot be emphasized too stronly that a controlled flexibility is an absolute requisite to a successful program. Such factors as grade, seasonal fluctuation, transportation rates, geographical variations, different types of distributors or producers, etc., require, in many cases, specialized treatment. Fortunately, during the past year, many tecnhiques have been developed which lend themselves to the solution of the problems brought about by these factors.

We have contended consistently that a complete, unyielding freeze of the food industry is an impossibility--and, thus far, events have proved the case. Were such a freeze physically and mentally capable of production, however, the human element in the great numbers of people engaged in the food business would more than likely suffice to cancel out any effective results. Those students of price control, who have chosen to acquaint themselves with its operations in other countries and in other times, have repeatedly found that the degree of its success was tied closely to the degree of acceptability and cooperation which it received. This has been true in much lesser economies than ours and it is equally true of ours.

If there is one fact apparent after a year of food price control, that fact points to the necessity for obtaining the assistance and cooperation of all of the industry. A theoretical and rigid set of controls, no matter how perfect on paper, will not get the cooperation of those it is restricting and so will defeat its own purpose even before issuance. On the other hand, it is perfectly possible to devise tight, technically-sound regulations which will achieve acceptance from producers and distributors alike, so long as some flexibility is permitted underneath the top level of control. This flexibility, in itself, has nothing to do with margins or returns and simply allows the entire industry an opportunity to adjust itself to a complete control of its price structure.

Neither does a permitted flexibility mean lack of protection for the consumer. Price changes, in varying degrees and under various circumstances, are part and parcel of consumer food shopping. As it is necessary to educate the food industry in those control techniques decided upon, so is it required that the consumer be informed. If the consumer is guaranteed a general level of prices, unchanged over a period of time, and if the industry operates under a set of flexible and simplified controls, only then will price control be successful.

It should be kept in mind, however, that it is not necessary to re-create the total flexibility associated with food industry operations in normal times. We have found it practicable and possible, as has the industry, to average or weight ordinary

fluctuations and differentials in many cases. Such solutions should be sought wherever possible, since they indicate a common willingness on the part of government and industry to arrive at the best possible overall results.

This entire subject, treated broadly here, presents a problem worthy of serious consideration in the near future. One of the inherent causes of the confused food price situation lies in the fact that the Administration has been loath to allow flexibility of any sort; thus, the food industry has lacked confidence and incentive to produce, it has never been able to adjust itself properly to price control and, technically, it has never been possible for us to bring about an even leveling-off of prices at all levels from the farm to the consumer. Sooner or later, such action must be taken, if concrete results are to replace chaos.

8. Price and Rationing

From time to time since the advent of price control and rationing, there has been considerable discussion of the possibility that one or the other, by itself, would suffice to do the job. On the record, this assumption appears to be in error.

We believe the laws of supply and demand do not function as usual, and that price controls and rationing must be used in a complementary and collateral fashion.

Upon several occasions, experience has shown that price adjustments cannot be successful in curtailing consumer demand for particular commodities. This is especially true so long as we face a considerable excess of purchasing power directed towards limited civilian supplies. The fact that consumers are more interested in obtaining merchandise than they are in the price of that merchandise is ample evidenced by the development of "black markets" and the rapid price rises of uncontrolled items such as fresh fish and many fresh fruits and vegetables.

So long as civilian supplies of major foods are considerably less than demand, both price and rationing will play a part in bringing about satisfactory results.

The limitation of consumer demand through rationing does relieve part of the pressure on price ceilings, thereby assisting the functioning of price controls. However, while rationing tends to equalize supply and demand, price controls on rationed items cannot be removed on the theory that prices will not rise because demand has been adjusted to supply. Actually, the demand still exists, and most sellers, in a complete seller's market, would be certain to raise their prices over a period of time. At the present time, rationed commodities are selling generally at ceiling prices because sellers know the supply is limited and the demand is

regular. In addition, it is just as possible to traffic in rationing "black markets" as in price. The use of double controls makes regular violation somewhat more difficult and less likely of permanent success.

It appears, therefore, all things considered, that price controls and rationing must be used as mutual instruments. Only in the event supplies become plentiful and the inflationary gap is closed does it appear likely that one control would work without the other; and in those circumstances, of course, it is possible that any control would be unnecessary.

9. Trade Relations

Before issuing any price regulation or order, we should advise and consult with representative members of the industry which will be affected by such regulations or order. This should be done, not only because it is a requirement of the Price Control Act, but because price control experience shows conclusively that controls will operate effectively only when those affected have a full understanding of the regulation; and when there is general cooperation and a considerable degree of voluntary compliance.

It should be recognized when dealing with an industry that it is essential for us to sell its representatives on the necessity for the contemplated action, particularly since most price controls are inherently restrictive. We should endeavor to enlist their wholehearted cooperation in helping to devise practicable, effective techniques to secure the desired results. The principle of price control has been widely accepted and, as a general rule, there is more divergence of opinion regarding the techniques to be applied in effectuating controls than there is as to the level of prices. Full consideration, therefore, should be given to the views of those who are operating daily under our regulations so that the techniques adopted conform as closely as possible to past business practices.

It must be recognized also that many of the problems facing us today are new to government and industry; even when we consult with a sizeable representation of industry, we may find it impossible to obtain a solution generally satisfactory either to us or the industry. In such cases, it should be announced that the techniques decided upon are to be effective for a trial period to determine, in the light of operating experience, if more satisfactory methods can be developed. We should not hesitate to make adjustments quickly which will improve the operation of any price regulation.

It must also be borne in mind that the food industry is extremely complex, and that it is made up primarily of specialists who, while acting in good faith, will unconsciously express views

which may not be completely factual so far as the entire industry is concerned. Processors, for example, while familiar with their particular operations, do not generally understand fully the complexities of retailing, and vice versa. It is essential, therefore; to have all elements affected by a price action fully represented at industry meetings; the responsible government official must then decide on the course of action to be taken, after evaluating all statements and available factual information. It remains important, however, to sell the industry the decisions made, and to give it all factual information not strictly confidential. When industry feels its views have been given full consideration, it is much more prone to accept restrictions which otherwise would be a constant source of irritation, endangering the entire program.

Following are basic rules which should be adhered to if we are to develop and maintain satisfactory trade relations:

(a) Fully representative National, Regional and local Food Industry Advisory Committees should be formed to reflect general industry views on overall policy and to assist in the formulation of general policy.

(b) National, Regional and local Food Industry Sub-committees should be formed to provide technical advice, to advise on policy affecting a particular section of industry, and to assist in educational work and compliance in the case of particular price regulations.

(c) Except in cases of extreme emergency, there should always be a time lag between the published and effective dates of a price action, to allow for proper trade and public education.

(d) When a price action is necessary, every effort should be made to expedite decisions, since delay invariably causes uncertainty and confusion injurious to the overall program.

(e) Our regulations should put no undue burden on sellers and should avoid novel or exceptional pricing practices.

(f) Through the media of conventions, correspondence and personal interviews, we should make it a point, at all times, to supply sound replies to questions concerning policy or technique. Evasive or ambiguous statements concerning our actions can do much to defeat the eventual aims of the program.

10. Price Control Compliance

General compliance with price control regulations is, of course, essential. Events have often proved the impossibility of enforcing adequately laws meeting with general public disapproval; our price regulations which are definitely law, must

also meet with the general approval of those they affect if we are to s ecure necessary compliance. Even were we to take such an approach, legal restrictions on our actions, plus limited enforcement appropriations, would not permit us to obtain wide compliance in the event generally objectionable regulations are forced upon any segment of the food production or distribution industry.

To secure necessary industry compliance, therefore, we should constantly keep in mind the following basic principles:

(a) Terminology should be as brief and clear as

(a) Terminology should be as brief and clear as possible, with a minimum use of uncommon or legalistic language.

(b) Regulations should be so written that they can be enforced, and those affected should be advised of our general enforcement plans in advance.

(c) When proof of serious or premeditated violation is secured, we should take immediate action to apply penalties which will discourage widespread lack of observance with a generally satisfactory regulation. This will avoid the necessity for excusing violators who claim to be protecting themselves against loss of business to unpunished violators, and it will preserve the position of those who are in full compliance.

(d) Industry should be encouraged to police itself and to report wilful violators for government prosecution. This assumption is not naive - industry is ready to do its share for its own protection.

(e) Regulations should not contain undue burdens in the form of reporting or other requirements not essential to the operation of the controls. We should handle this matter with extreme care to avoid general disregard for comparatively minor provisions which might lead to disregard of an otherwise sound regulation.

11. Subsidy

The question of subsidy is of such broad implication that it scarcely lends itself to brief discussion. While subsidy or Federal aid is not new in this country, recent events indicate Congress intends its status shall be clarified, so far as the food price situation is concerned. In the absence of clear-cut policy, we believe the following suggestions are pertinent and propose they serve as the basis for more detailed discussion:

(a) In most cases, subsidies should be applied at the p producer or processor level, with the thought of reducing costs and administrative difficulties. Where possible, established techniques and agencies should be utilized in such a manner that swift action will be facilitated.

(b) Generally speaking, we believe subsidies, incentive payments or support programs should be conceived for the major purpose of encouraging maximum production. This policy is equally adaptable to the achievement of maximum total production or of maximum selective production of commodities deemed essential to national requirements. Since production is a vital ne ed, it seems entirely consistent that a judicious use of public funds be made, calculated to divert our full resources to all the essential kinds of agricultural production.

(c) As an implement to proper distribution of full production, it seems proper that subsidy might be used to offset abnormal transportation or other costs of certain essential commodities.

(d) We suggest the offer of subsidy, in some cases, as a means to furthering production and distribution economies. If it appears, for instance, that the continued production and distribution of an essential commodity requires an absorption of 15 percent by producers and distributors, limited subsidy might solve the problem and bring about operating economies. Such action would entail consultation with industry representatives and an explanation of the situation; it might then develop, as an example, that processors and distributors, through the introduction of voluntary economies, could each afford to absorb 4 percent of the total. The Administration would then underwrite, through subsidy, the remaining 7 percent. This approach seems to have considerable merit and might well serve as a satisfactory expedient.

(e) Subsidies for the purpose of "holding-the-line" on consumer cost-of-living should be used only if the inflationary gap is closed through taxation, compulsory savings or in some other way. In the absence of such action, holding-the-line simply aggravates the pressure against the price structure, in terms of economics, it might be just as sound to attempt to close the gap through a tightly controlled inflation. Unfortunately, however, inflation, once motivated, it most difficult to control and, beyond that, the low- or stable - income population bears a disproportionate share of the burden.

On the other hand, as part of the seclective mechanics previously recommended as a means to "holding-the-line" on some of the essential cost-of-living foods, it is possible that a careful program of Administration buying-and-selling-at-a-loss might serve a useful purpose. While such action would not lessen demand or ease the pressure on prices, it would guarantee distribution of some of the essentials at current price levels, particularly where it is administratively feasible to follow this procedure.

As is recurrently the case, however, such a program to be truly sound requires efficacious collateral action in the field of taxation, wage policy, etc.

(f) We believe subsidies should not be used for the purpose of rolling-back consumer price levels, except in rare instances, particularly if the inflationary gap is not closed. Such action is, in effect, inflationary in itself since it adds to consumer purchasing power and increases demand; moreover, it would generally impede production, through confusion and delay, and it serves only as a testament to the fact that other controls are not working. In short, it seeks to alleviate effects without

12. Techniques of Food Price Control

In the promulgation of food price regulations during the past year, certain techniques have been developed, embodying different approaches to the same end. These techniques, applied in various forms, have been refined and improved upon to the point that their permanent advantages and disadvantages are readily discernible. One or two of them have been discarded largely but, for the purposes of overall inspection, they should be examined.

It should be kept in mind, however, that experience is limited in the establishment of farm or producer ceilings, since little effort has been expended in that direction. The majority of OPA ceilings have been established at the country shipping point, processor or manufacturing level, and at the various levels of distribution; techniques at those levels will receive most of the attention in this discussion.

These technical approaches to the problem of price control, in each case, represent some of the ways in which the price structure can be controlled. They should not be confused with the questions of inflation or cost-of-living. Consumer cost-of-living can be controlled only through the application of sound techniques to the overall operations of the industry; once an acceptable and workable method is devised, it then becomes a matter of deciding what price levels shall be set, through the use of the designated method. Whether or not certain groups - farmer, business, or labor - dislike one or another of these techniques, they should be used if they are sound. If pressure groups of any kind are allowed to dictate price policy and methods, the program will fail inevitably. The whole field of food production and distribution is so closely allied that its price structure must be predicated upon a sound, overall approach. The individual or group must yield if the total program is to be effective.

The most important methods used thus far, both successful and otherwise, are as follows:

(a) The "Freeze". The freeze technique is just what the name implies - prices are frozen as of some past period and those prices become the seller's ceilings. The General Maximum Price Regulation, which frozen at March levels prices for an inclusive group of commodities and services except at the producer level, was an instance of a major freeze action and served as the basis for tailoring and adjustment which resulted in the development of other techniques. This approach had and continues to have certain merits and serious disadvantages.

Generally speaking, the freeze techniques offers the best solution in two broad situations: (1) it is an excellent means of bringing a halt to prices which have been advancing rapidly, particularly in the absence of statistical records or when there has been no opportunity to develop a satisfactory and permanent technique; and (2) it can be applied successfully to any commodity which innately has long-time stability of price.

After the issuance of the General Maximum Price Regulation, it became apparent that the general freeze technique was not permanently suited to the operations of the food industry. While it

While temporarily useful, it is presented here only as an example of the development of food price control and should not be necessary in the future.

(d) The "Fixed Mark-up" Technique. This technique represents the culmination, until very recently, of all efforts in the direction of simplified and consolidated distributor price control. Properly used, it is very likely the most effective, simplest, and most acceptable form of control yet devised for the rank and file of food products at the distributive levels.

This method, in general, re-creates a reduced version of the selling-price margins in use by distributors during a past period. For simpler mathematical application, these margins are then translated into mark-ups to be applied to net costs. This approach lends itself to the pricing of most foods by most distributors and can be presented in a form understandable to most distributors.

For the purposes of this discussion, it does not appear necessary to go into the details of mark-up control. Those details have been worked out during recent months and most of the pitfalls have been recognized and treated. Academically, however, there are advantages and disadvantages which should be listed.

Some of the advantages follow:

(1) This approach preserves, to a large extent, the pricing practices and the general historical price relationships which existed in the distributive trades during an historical period. That period is 1941, a year when the exigencies of war had not yet disturbed distribution rates too violently and a year during which distributor mark-ups were lower than usual. (Distribution rates are those percentages of total sales volume or total gross profit contributed by the individual commodity departments in a distributor's operation.)

(2) Because this method preserves historical custom, it fulfills the requirement of the Emergency Price Control Act that customary business practices be disturbed as little as possible consistent with effective control.

(3) This technique has received almost complete acceptance from the industry, from Congress and from price policy officials in Washington. Its piece-meal issuance has been caused by matters of political expediency and not by lack of general agreement that it is fundamentally sound.

(4) Since it has widespread trade acceptance, it assures a reasonably large degree of compliance and cooperation, two factors of utmost importance in the successful administration of a price control program - and conspiciously absent thus far.

(5) It embodies simple mechanics, simple wording and considerable flexibility. Once all distributors are pricing under overall mark-up control, it is comparatively simple to adjust mark-ups which may be high or low.

(6) For the first time since the advent of price control, an opportunity would be offered the distributive trades to level-off the general price structure - thus eliminating unsound relationships, excessive returns and squeezes.

(7) Fixed mark-up control presents a medium through which the food industry can operate without breaching the "hold-the-line" order. This can be achieved by the expedient of setting a level of margins or mark-ups which does not disturb consumer cost-of-living - an approach which will meet trade acceptance.

(8) This type of control has always been designed to serve as the basic and necessary final step before reaching the ultimate in food price control; i.e., the translation of fixed mark-ups, in a sound and orderly manner, into community dollars-and-cents ceilings, recognizable to the consumer. Unfortunately, again because of political expediency, in recent weeks the cast has been placed before the horse - and a very considerable amount of damage has been done the overall program. It will be necessary now to take corrective action designed to recapture public and trade confidence.

Technically, there are a great many other advantages to such control but, for the sake of brevity, they are omitted from this discussion.

Some of the disadvantages and criticisms of this method follow:

(1) Perhaps the major criticism of mark-up control has revolved about the point of enforceability. This point is well-taken only to the degree that it is difficult of consumer enforcement assistance. We recognize that fact and we believe it adds weight to the desirability of a sound community pricing program. It must be kept in mind, however, that the overall program can be effective and enforceable only to the extent that we are able to enlist a combination of voluntary industry compliance and effective consumer assistance. Complete reliance upon either one or the other will not suffice.

(2) It has been stated that the proposed mark-ups are too high or too low because of the fact that they are national averages. Here again, we recognize a disadvantage - but one which can be partially equalized. There must be some averaging of mark-ups or practices in any set of national controls and, to offset any inequities, we propose the institution of a running survey of profits. Upon the findings of that survey, adjustment of mark-ups would then be comparatively simple. A geographical break-down of mark-ups would only add complexity and, moreover, in arriving at a sound and effective method of overall control, we should be willing to live with the possibility of individual squeeze or inflation.

(3) The Department of Agriculture, amont others, has pointed out the fact that the use of percentage mark-ups applied to net costs have advanced from the levels of the historical base period (1941). This is true and we are prepared to meet it on the basis of a tight level

of mark-ups, arbitrarily abandoning statistical justification if necessary, and upon the findings of profit studies mentioned above.

In place of the use of mark-ups, the Department has suggested that dollar margins be used, based upon what it costs to handle each commodity. We believe this to be impossible and impracticable.

For one thing, it would require the establishment of distribution rates based upon current operations. The impact of war, rationing, price control and shortages has made a hodge-podge of historical distribution rates. We believe it safe to say that no food operator or governmental agency can state accurately current distribution rates or foretell future results.

Moreover, if we were to use this approach, the effects would probably be inflationary, as well as revolutionary. The fixed mark-up technique embodies the approach that we don't care if beans carry a higher mark-up than rice, so long as our figures show that relationship to be historically true. If we were to state that because beans and rice are packed and handled similarly they should carry the same mark-up, identical reasoning could be applied to sugar - with the result that all three would command the same mark-up. From the viewpoint of the food industry, this is obviously incorrect. In the same vein, it costs no more to handle a case of tomatoes than it does a case of evaporated milk, yet, based upon the historical record of the industry, there is no justification for giving them the same mark-up.

This reasoning can be applied to most items sold at wholesale and retail and would eventually result in the theor that all food should sell at so many cents per pound. The natural effect would raise very substantially the price levels of most of the fast-moving and staple foodstuffs, and would completely destroy any reincarnation of the industry's customary pricing practices and historical relationships.

In summary, it can be states that mark-up control, despite some shortcomings, is the simplest, most applicable and most effective method of control for use by all kinds of distributors in pricing the vast majority of commodities. It is the only method which has a sound historical justification and it is a superior means of consolidating most commodities and distributors within the scope of one or two simple regulations.

Likewise, mark-ups may be translated readily - and arbitrarily, if need be - into such forms of control on specific commodities as community prices, dollar margins, or gross spread between various levels of distribution.

A sound mark-up structure should be implemented by translation into community prices, recognizable to the consumer, particularly on the cost-of-living essentials. A discussion of this type of control follows.

* * * * * * * * *

(c) "Community" Pricing. The need for a program of community pricing - the establishment of dollars-and-cents ceilings which the consumer can recognize and police - has become more apparent in the light of recent events. The best program of price control, even though technically perfect in the eyes of industry, will fail unless the consumer has some part to play. Although we must take issue with much of OPA's recently instituted community pricing activity, we believe such a program can be worked out in a satisfactory manner. Recent OPA commitments, however, make the task doubly difficult at this time.

First of all, sheer numbers will defeat an all-inclusive program of community pricing. It is a physical and mental impossibility for consumers to keep track of the ceiling prices established on the thousands of items sold in the various kinds of grocery stores. Exhaustive surveys through the years have shown conclusively that the average consumer neither knows nor can follow the prices of more than the twenty or thirty staple and essential foods. Therefore, a sound program will not attempt to set community prices on a top-heavy list of commodities, since such a list will not mean anything to the average consumer and will seldom be used. The essential foods should be so-priced and less importand foods should be priced through the mark-up method - in other words, through a combination of selective and overall mechanics. Consumers and trade alike are confused today by the array of items, brands, and sizes which have been hastily priced under the community pricing orders.

Secondly, we feel very strongly that community prices should be set only for the highest-price class of retailer. This would place us in the position of saying, "Mrs. Consumer, the highest price you should pay for sugar in Jonesport is X¢ per pound, no matter where you buy it. In some stores, the price may be lower." Prices for other classes of retailers would then continue to be set by mark-up control. This procedure would protect the consumer, would actually improve price control rather than confuse it, and would result in effective enforceability - since it would solve the small store's pricing problem and since the record shows that the larger stores, super markets and chains will comply with any reasonable set of controls.

The establishment of community prices by class of seller has probably caused more antagonism and confusion than any previous price action. Furthermore, it has served no useful purpose and is meaningless to the average housewife. The following are a few of its faults:

(1) It advertises to the public that the chains and super markets are the best place to buy food and, even though the intelligent consumer has always recognized that prices varies as between stores, the psychological effect upon the thousands of smaller stores is very poor. Frankly, no serious damage may be done except through further non-compliance or continued objection to the price program. The classification of retailers and wholesalers has been sold to the trade, as an essential element of mark-up control, but it was never intended that it be advertised so widely to the consuming public.

This should not be regarded in any sense as a subterfuge - rather it is a politic and sensible means of solving a most difficult technical problem.

(2) It affords the larger operators at their discretion, an opportunity to advertise the fact their stores are the best place to shop, as stated by government regulation. Obviously, a governmental agency should not be placed in such a position, if a better solution is available.

(3) It creates a completely false impression in that it tends to point out only price differences, without showing why some stores have lower prices. This approach is obviously unfair to those higher-cost sellers who have built business on a service basis as against non-service.

In summary, it can be stated that the establishment of community dollars-and cents ceilings, is, at best, a most difficult task, both technically and psychologically. Moreover, the entire range of foods sold does not lend itself readily to such treatment. The need for a sound community pricing program is imperative but present efforts in that direction cannot fail to add to the confusion, criticism and lack of public confidence. We believe such a program should take the following direction:

(1) Community prices should be set for the highest price class of store in the community.

(2) Community prices should be set only on the staple and essential market-basked foods - those which contribute most to the food cost-of-living.

(3) In conjunction, there should be developed a complete program of consumer assistance and trade compliance. This program should emphasize to consumers and the trade the importance of "holding-the-line" on the essential foods - and it should include an enforcement drive aimed to bring about compliance with controls established for other classes of sellers and other foods.

There is every reason to believe that a combination of these elements, plus a sound technical basis, will achieve the ultimate in food price control.

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(f) The "Formula" Technique. This method, generally applied at the manufacturing level, is one used quite frequently in the earlier days of price control. Essentially, it supplies the seller with a mathematical formula, the application of which will result in the seller's ceiling price. It generally designates that the seller take a base period selling price, to which he adds certain states amounts or percentages designed to cover increased costs of raw material and labor.

As an adjustment device, the formula technique proved satisfactory in many cases. Its flaws, however, are such that it should be used sparingly. Those flaws may be grouped roughly as follows:

(1) If the seller's base period price is excessive or too low, the formula perpetuates that condition, requiring further individual adjustment.

(2) It makes for an uneven price structure, since each seller's base period price may have been different. The application of a formula perpetuates this possibility, resulting, of course, in a confused level of prices.

(3) It is difficult of enforcement because each seller applies the formula under different circumstances, perhaps using different methods, and with his own interests naturally paramount. Violation and non-compliance require full investigation and, though the nature of the technique, are defensible in many cases.

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(g) "Flat-Pricing" at the Manufacturing Level. The technique of flat-pricing - very similar to community pricing in that it establishes dollars-and-cents ceilings - at the manufacturing or processor level has been developed to replace formula pricing at this level. Wherever applicable, it is probably the best method yet devised and should find general acceptance. Its most important advantages follow:

(1) It discounts the disadvantages of the formula technique and results in a stable price structure.

(2) It provides a reasonably sound basis for any required subsidy. Processors unable to produce within the set ceilings can show their reasons readily and, if their production is vital, can be subsidized with comparative ease.

(3) It is much the simplest and most understandable approach to all concerned - buyers and sellers alike.

(4) It reduces to a minumum burden some filing and reporting requirements.

Likewise, certain disadvantages are apparent:

(1) It requires the weighting and averaging of such factors as production costs, transportation, etc. This results in some degree of rough justice since the high-cost processor is squeezed and the low-cost operator receives more than he needs.

(2) It generally requires some degree of standardization such as the establishment of prices by grade or quality. The recent furor over grade labeling is perhaps typical.

Despite these faults, however, it is the best method available wherever it is at all applicable to the problem at hand.

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(h) Farm or Grower Prices. As stated previously, direct price control activities in this field have been limited. Indirectly, however, through the medium of f.o.b. shipping point, terminal market or processor ceilings, this problem has been treated. It appears necessary, wherever administratively feasible, that direct farm price ceilings should be imposed eventually.

While few techniques have been developed, we are prepared to throw upon the table for discussion certain recommendations:

(1) Any farm ceilings imposes should be calculated to inspire full production and to reduce uncertainty on the part of producers.

(2) Ceilings should be flexible and adaptable to changing conditions. In the case of poor weather, poor yield, or crop loss, it should be possible to adjust quickly.

(3) Farm prices should be announced as far in advance of the season as possible.

(4) Such prices should be studied carefully in relation to total required production, fresh consumption versus processed, legislative limitations, and equitable returns.

(5) They should also bear a proper relationship to incentive payments, support prices and subsidy, in order that the total price structure will remain in balance.

(6) Long-standing historical relationships should be considered carefully, in order that production and supplies may not be diverted from necessary channels. The imposition of a farm ceiling should take into account the contribution which the commodity makes in the production of other foods, for instance, as feed, as well as the effect upon consumer cost of the ceiling imposed.

Without doubt, others are better qualified to discuss this phase of price control, based upon their experience with the problem. It would appear, however, that these factors should be given serious consideration in order that a balanced and comprehensive program might result.

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(i) "Perishable" Control. This area of price control has presented the most difficult problems yet encountered - a natural consequence in view of the nature of the commodities and the multiplicity of handlers. The solution requires, above all else, simplicity and flexibility. Any set of rigid controls will simply not work and will

affect adversely production, distribution , compliance and cooperation.

It should be kept in mind that, because of several limitations, this problem has been aggravated. It was necessary to allow prices of many perishables to rise to the point where it became difficult to halt them by any means. Abortive efforts in this direction have shown clearly the need for simple and flexible controls.

Trial and error has seemd to point in the direction of control at two or three of the most important levels of production and distribution. This can be achieved, for instance, by translating the combined mark-ups for essential wholesalers into one amount, expressed in dollars-and-cents. That becomes the top price to be charged any retailer and may be divided amont the wholesalers as they see fit. In this way, as many wholesale transactions are permitted as are desired so long as the total spread is not exceeded - thus effecting the desired flexibility. The same procedure can be followed from farm or shipping point to wholesaler and the trade has generally accepted and agreed to police this form of control.

There is probably more room for constructive work in this field than in any other, although it is now largely a matter of deciding upon which of several approaches is the best. There can be no doubt, however, that the final controls must be simple - perishables must be kept moving, they are handled by all kinds of distributors in innumerable ways and it is next to impossible to acquire a statistical record of distributors operations which is sound enough for tight control.

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All of these methods have been presented here for review and discussion. They represent the often confused pattern of food price control as it has developed, and each individual technique is susceptible of very considerable enlargement. For a more complete understanding of their flaws and values, they should be discussed in more detail. It is to be hoped, however, that this very basic outline will asist in the forging of opinions and thinking as directed towards the formulation of an effective and acceptable overall program.

UNITED STATES DEPARTMENT OF AGRICULTURE
Office of the Solicitor
Washington, D. C.

MEMORANDUM

July 20, 1950

To: Ralph S. Trigg, Administrator
Production and Marketing Administration

From: Solicitor

I am sending eight copies of a list of the activities carried on by the War Food Administration during the Second World War for such use as you may care to make of them.

Attachments

/s/ C. H.

ORGANIZATION FOR AND EXERCISE OF EMERGENCY POWERS WITH RESPECT TO THE NATION'S FOOD PROGRAM DURING THE WAR PERIOD

1. Organization. - Through a series of Executive Orders, the war powers of the President with respect to allocations and priorities, cumpulsory orders, and the authority to requisition property were vested in the War Production Board. The arrangements made in the War Production Board proved inadequate in effectuating programs to meet the rapidly increasing food problems. Therefore, on December 5, 1942, the President by Executive Order No. 9280 (7 F.R.10179) transferred the functions of the War Production Board with respect to foods to the Department of Agriculture, and delegated to the Secretary of Agriculture full responsibility for and control over the Nation's food program. Departmental reorganization was thereby made necessary, and on December 10, 1942, the Food Distribution Administration and the Food Production Administration were established within the Department, and existing Bureaus, Agencies and Administrations of the Department were consolidated into the new administrations. The powers, functions, and duties conferred upon the Secretary by Executive Order No. 9280 were redelegated March 26, 1943, by Executive Order No. 9322 (8 F.R. 3807) to a Food Administrator to be appointed by the President, and The Food Production Administration (except the Farm Credit Administration), the Food Distribution Administration, the Commodity Credit Corporation, and the Extension Service were consolidated within the Department into Administration of Food Production and Distribution, to be under the direction and supervision of the Administrator. Thereafter, on April 19, 1943, the President, by Executive Order No. 9334 (8 F.R. 5423) changed the name of the Administration of Food Production and Distribution to War Food Administration, and transferred to the new organization all the powers, functions and duties of the various agencies consolidated by Executive Order No. 9322. The War Food Administration was administered under the direction and supervision of a War Food Administrator appointed by the President. Section 4 of Executive Order No. 9334 authorized the Secretary of Agriculture to exercise to the extent necessary in the performance of his duties and functions, any of the powers otherwise vested in the War Food Administrator. Likewise, the War Food Administrator was authorized to exercise any of the powers vested in the Secretary of Agriculture. Executive Order No. 9392 (8 F.R. 14783) designated the War Food Administrator as Chairman of the Food Requirements and Allocation Committee created on October 28, 1943, under section 7(a) of Executive Order No. 9280, as an interdepartmental committee designed to pass on all domestic and foreign claims for food from United States sources. The order further designated the Administrator as the United States member

of the Combined Food Board which was created by the President on June 9, 1942 for the purpose of obtaining a planned and expeditious utilization of the food resources of the United States and the free nations of the world. (The organizational changes and transfers of functions referred to were made under the authority of the First War Powers Act (since expired) (50 U.S.C. War App., Sec.601).

II. Emergency authority exercised by War Food Administration.-

(1) Allocations (Title III, Second War Powers Act of 1942 (50 U.S.C. App. 633) Executive Order).

a. Set aside orders requiring foods to be set aside or withheld for procurement by defense agencies or for defense purposes.

b. Restriction of inventories.

c. Allocating and limiting the distribution and use of food and facilities for the handling thereof.

d. Limiting imports.

e. Determination of commodities and amounts thereof to be rationed at civilian level (rationing administered by OPA)

f. Determination of specific commodities and the amounts thereof to be rationed at civilian level (rationing administered by OPA)

g. Determination and recommendation of the quantity of, and priority of use of transportation facilities required for food distribution (allocation of such facilities administered by ODT).

h. Determination of the over-all allocations of food as between defense agencies and civilian use.

i. Determination of the quantity of non-food materials necessary for use in the production of food. (Allocation of such materials administered by WPB. War Food Administration administered rationings at farm level of such items as farm machinery under agreement with WPB).

(2) Priorities in the fulfillment of contracts or orders for food (Title III, Second War Powers Act of 1942; Executive Order).

(3) Requisitioning (Act of October 10, 1940, as amended, (50 U.S.C. App. 711) Act of October 16, 1941, as amended (50 U.S.C. App. 721). These acts have since expired. Executive Orders)

(4) Mandatory Orders for food required for defense purposes, seizure of production facilities authorized on failure to fill such orders. (Sec. 120, National Defense Act of 1916 (50 U.S.C. App. 80. Executive Order No. 9280.) Authority available on finding of imminence of war..

(5) Price Control. (Emergency Price Control Act of 1942, as amended, and Wage Stabilization Act, since expired.)

a. Established, maintained, and adjusted maximum prices on agricultural commodities and processed products thereof, jointly with Price Administrator.

(6) Wage Stabilization of Agricultural Labor (Wage Stabilization Act of 1942; Executive Order.) Since expired.

(7) Recruitment and transportation of Farm Labor Supply. (Public Law 229, 79th Congress.) Expired.

(8) Deferment of Farm Labor (Selective Service Act of 1940) Expired.

(9) Certification of Farm Production Facilities for Income Tax Amortization (Sec. 124(f) of Internal Revenue Code.)

(10) Extension of Meat Inspection to Intrastate plants. (Emergency amendment of Meat Inspection Act, expired).

(11) Certification for exemption from anti-trust prosecution during emergency. (Sec. 12 of the Act of June 11, 1942. Executive Order.) Expired.

(12) Expansion of special grading and inspection to facilitate procurement for defense purposes. (Internal administrative action).

(13) Procurement of food for defense agencies and foreign countries. (CCC Authority).

(14) Advisory Committees under Executive Order No. 9280 and certification by Attorney General of procedure.

(15) Seizure of production facilities (War Labor Disputes Act; Executive Order). Expired. Selective Service Act of 1948 has similar provisions.

(16) Suspension of Sugar Quotas. (Executive Order. Proclamation of President under the Sugar Act).

(17) Suspension of Wheat and Flour Quotas under Section 22. (See Proclamation No. 2504).

(18) Subsidies. (Emergency Price Control Act of 1942). Subsidy administered by RFC withheld on certification by Department of violation of War Food Program.

(19) Subsidies to maintain price ceilings. (CCC authority).

(20) Modification of contracts and exemptions from damages (Title II, First War Powers Act).

(21) Determination of quantities of specific foods to be licensed for export (Export Licensing Program administered by Department of Commerce).

(22) Expand facilities for production of food through the acquisition of food plants for Lend-Lease purposes. (Lend Lease Act).

(23) Under Executive Order No. 9177, administer program (with respect to food) for admission duty-free of emergency purchases abroad.

POWERS EXERCISED BY WAR FOOD ADMINISTRATION DERIVED FROM STATUTE LEGISLATION AND EXECUTIVE ORDERS AS OF FEBRUARY 1944

Powers exercised by the War Food Administration	Source	
	Legislation	Executive Order
1. President's power to allocate materials (food) and facilities (food facilities) upon such conditions and to such extent as necessary or appropriate in public interest and to promote national defense when fulfillment of defense requirements threatens shortage in supply for defense, private account, or export.	Title III, Second War Powers Act, 1942 (50 U.S.C. app. 633).	E.O. 9280 (7 F.R. 10179), as amended by E.O. 9322 (8 F.R. 3807) and 5423) delegating power to War Food Administrator.
2. President's power to requisition and take over for use of United States military equipment and supplies related thereto, which have been denied export, whenever such taking over is necessary in the interest of national defense.	Act of Oct. 10, 1940, as amended (50 U.S.C. app. 711).	Do
3. President's power to requisition supplies and materials for the defense of the United States when such materials cannot be obtained otherwise.	Act of Oct. 16, 1941, as amended (50 U.S.C. app. 721).	Do
4. Power of head of government agency authorized by President to acquire real property together with personal property thereon, by condemnation proceedings, deemed necessary for war purposes.	Act of July 2, 1917 (50 U.S.C. 171) as amended by Title II of Second War Powers Act of 1942 (50 U.S.C. app. 632).	Do
5. President's power to place orders with private industry, in time of war or when war is imminent, and to compel preference for such orders under threat of taking possession of any plant, etc., involved.	Sec. 120 of National Defense Act of 1916 (50 U.S.C. app. 80).	E.O. 9280 (7 F.R. 10179), as amended by E.O. 9322 (8 F.R. 3807) and E.O. 9334 (8 F.R. 5423) delegating power to War Food Administrator.
6. President's power to take over and operate facilities when preference to Federal orders is refused.	Sec. 90 of Selective Training and Service Act of 1940 (50 U.S.C. app. 309).	Do

Powers exercised by the War Food Administration	Source	
	Legislation	Executive Order
7. Power vested by statute in Chairman of War Production Board to certify to Attorney General that suspension of anti-trust prosecution is requisite to the prosecution of the war.	Sec. 12 of the Act of June 11, 1942 (50 U.S.C. app. 1112).	Do
8. Power to establish, maintain, and adjust maximum prices on agricultural commodities jointly with the price administrator subject to policy directives from the Director of Economic Stabilization.	Emergency Price Control Act of 1942, as amended by the Act of Oct. 2, 1942 (50 U.S.C.app. 903).	Do See also E.O. 9250 (7 F.R. 7873).
9. President's authority to negotiate or modify contracts without regard to the provisions of the law relating thereto, if such action facilitative of the prosecution of the war.	Title II, First War Powers Act, 1941 (50 U.S.C. app. 611).	E.O. 9280 (7 F.R. 10179), as amended by E.O. 9322 (8 F.R. 3807) and E.O. 9334 (8 F.R. 5423) delegating power to War Food Administrator
10. Power of inspection and audit of records of war contractors with whom defense contracts placed during present emergency, including power of subpoena.	Sec. 10 (1) of the Act of July 2, 1926 (10 U.S.C. 310(1), as amended by Title XIII, Second War Powers Act, 1942 (50 U.S.C. app. 643).	Do
11. Power to recruit and transport labor where need is critical, to help assure essential production and harvesting of agricultural commodities.	Act of April 29, 1943 (57 Stat.70), as amended by the Act of Dec. 23, 1943 (Pub. Law 217, 78th Congress).	
12. President's power to control wages and salaries paid agricultural labor.	Act of Oct. 2, 1942 (50 U.S.C. app. 96).	President's authority delegated to Director of Economic Stabilization by E.O. 9250 (7 F.R. 7871) and E.O . 9328 (8 F.R. 4681). Jurisdiction over wages and salaries paid

Powers exercised by the War Food Administration	Source	
	Legislation	Executive Order
		agricultural labor placed in Secretary of Agriculture by regulations of Director of Economic Stabilization, approved by the President, Nov. 30, 1942 (7 F.R. 10024). Jurisdiction to War Food Administrator by E.O. 9322 (8 F.R. 3807), as amended by E.O. 9334 (8 F.R. 5423). Scope of jurisdiction redefined by Director of Economic Stabilization (8 F.R. 11960 and 16702).
13. Secretary of Agriculture's authority to procure, transport, and distribute agricultural and other commodities and supplies to meet the emergent requirements of the territories and possessions.	National Defense Emergency Approp. Act(55 Stat.856)	E.O. 9280(7 F.R. 10179), as amended by E.O. 9322 (8 F.R. 3807) and E.O. 9334 (8 F.R. 5423) delegating power to War Food Administrator.
14. Power to procure agricultural commodities for Lend-Lease purposes.	Act of Mar. 11, 1941 (22 U.S.C. 412) as affected by 57 Stat. 20.	E.O. 9280 (7 F.R. 10179), as amended by E.O. 9322 (8 F.R. 3807) and E.O. 9334 (8 F.R. 5423) delegating power to War Food Administrator.
15. President's authority to purchase agricultural supplies for Red Cross relief distribution to refugees made destitute by hostilities or invasion.	Emergency Relief Approp. Act, 1941, Sec. 40(a) (54 Stat. 627); see also Act of July 12, 1943 (57 Stat. 431).	Do

NATIONAL SUBJECT INDEX

Class Schedule

Time									
Mon.									
Tue.									
Wed.									
Thu.									
Fri.									
Sat.									

Final Examinations

DAY	DATE	TIME	PLACE	COURSE

Name _____ Telephone _____

Address _____

School _____ Class _____

No. 3703F
Made in U. S. A.

LEGAL AUTHORITIES OF AGENCIES OF THE DEPARTMENT OF AGRICULTURE AS OF JULY 1950

I. DEPARTMENT OF AGRICULTURE

A. Staff Units

1. Office of Budget & Finance
2. Office of Personnel
3. Office of Information
4. Office of Plant & Operations
5. Office of Foreign Agricultural Relations
6. Library

Legal Basis:

5 U.S.C. 512: "The Department of Agriculture shall be...under the supervision and control of a Secretary of Agriculture...."

5 U.S.C. 22: "The head of each department is authorized to prescribe regulations, not inconsistent with law, for the government of his department, the conduct of its officers and clerks, the distribution and performance of its business, and the custody, use and preservation of the records, papers and property appertaining to it."

7. Office of Hearing Examiners

Legal Basis:

5 U.S.C. 22, supra. See Secs. 1006, 1010, for appointment of Examiners.

8. Office of the Solicitor

Legal Basis:

5 U.S.C. 518: "The legal work of the Department of Agriculture shall be performed under the supervision and direction of the Solicitor."

9. Bureau of Agricultural Economics

Legal Basis:

7 U.S.C. 411: "The powers conferred prior to May 11, 1922, and the duties imposed by law on the Bureau of Markets, Bureau of Markets and Crop Estimates and the Office of Farm Management and Farm Economics of the Department of Agriculture, shall be exercised and performed by the Bureau of Agricultural Economics."

10. Judicial Officer

Legal Basis:

5 U.S.C. 22, Supra: for organization
5 U.S.C. 516 (a)-(e): for appointment of officers

B. Major Operating Units

1. Agricultural Research Administration

Legal Basis:

Reorganization Plan No. 1 of 1947: "The functions of the following agencies of the Department of Agriculture, namely, the Bureau of Animal Industry, the Bureau of Dairy Industry, the Bureau of Plant Industry, Soils, and Agricultural Engineering, the Bureau of Entomology and Plant Quarantine, the Bureau of Agricultural and Industrial Chemistry, the Bureau of Human Nutrition and Home Economics, the

Office of Experiment Stations, and the Agricultural Research Center, together with the functions of the Agricultural Research Administrator, are transferred to the Secretary of Agriculture and shall be performed by the Secretary or, subject to his direction and control, by such officers and agencies of the Department of Agriculture as he may designate." (Part III - Par. 301.)

2. Production and Marketing Administration

Legal Basis:

Reorganization Plan No. 3 of 1946: "The following functions are hereby transferred to the Secretary of Agriculture and shall be performed by him or, subject to his direction and control, by such officers and agencies of the Department of Agriculture as he shall designate: (a) All functions of the Agricultural Adjustment Administration and the Surplus Marketing Administration and of the respective heads of such administrations; (b) the administration of the programs of the Federal Crop Insurance Corporation and the Commodity Credit Corporation." 1/

3. Commodity Exchange Authority

Legal Basis:

7 U.S.C. 1-17: "Commodity Exchange Act". 2/

4. Extension Service

Legal Basis:

7 U.S.C. 342: The Smith-Lever Act: "...and this work shall be carried on in such manner as may be mutually agreed upon by the Secretary of Agriculture and the State agricultural college or colleges receiving the benefits of this Act."

5. Forest Service

Legal Basis:

16 U.S.C. 471, 472: "The Secretary of the Department of Agriculture shall execute or cause to be executed all laws affecting public lands reserved under the provisions of Sec. 471 of this title." 3/

16 U.S.C. 551: "The Secretary of Agriculture shall make provisions for the protection...upon the public forests and national forests which may have been set aside...under the provisions of Sec. 471 of this title."

6.	Soil Conservation Service	Legal Basis: 16 U.S.C. 590e: "The Secretary of Agriculture shall establish an agency to be known as the 'Soil Conservation Service' to exercise the powers conferred on him by this act...."
7.	Farmers Home Administration	Legal Basis: 7 U.S.C. 1015: "Provided that the Administrator of the Farmers Home Administration shall be appointed by the President by and with the advice and consent of the Senate." 4/
8.	Rural Electrification Administration	Legal Basis: 7 U.S.C. 901: Reorganization Plan No. II, 1939: "There is hereby created and established in the Department of Agriculture an agency of the United States to be known as the 'Rural Electrification Administration.'"
9.	Farm Credit Administration Fed. Intermediate Credit Banks 5/ (12 U.S.C. 1021) Production Credit Corp. 5/ (12 U.S.C. 1131)	Legal Basis: Executive Order 6084 (under the Reorganization Act of 1933): "(2) The name of the Federal Farm Board is changed to the Farm Credit Administration....(5) There are transferred to the jurisdiction and control of the Farm Credit Administration: /several functions/." Reorganization Plan II 1939: /Transferred to Department of Agriculture/
10.	Commodity Credit Corporation	Legal Basis: 15 U.S.C. 714: "For the purposes of stabilizing, supporting and protecting farm income and prices,...there is created a body corporate to be known as Commodity Credit Corporation....which shall be an agency and instrumentality of the United States, within the Department of Agriculture. ....The Board shall consist of six members (in addition to the Secretary), who shall be appointed by the President by and with the advice and consent of the Senate.... In addition to the Board of Directors there shall be an advisory board....consisting of five members who shall be appointed by the President and who shall serve at the pleasure of the President....." 6/

11. Federal Crop Insurance Crop. Legal Basis:
7 U.S.C. 1503: "To carry out the purposes of this chapter there is hereby created as an agency of and within the Department of Agriculture a body corporate with the name Federal Crop Insurance Corporation. 7/

12. Federal Farm Mortgage Corp. Legal Basis:
12 U.S.C. 1020: Reorganization Plan No. I, 1939: "There is hereby established a corporation to be known as the Federal Farm Mortgage Corporation...."

1/ Reorganization Plan No. 3 of 1946 did not, in fact, cover all functions which are now being exercised by the Production and Marketing Administration, but as the President's explanation attached to the order states, the transferred functions were necessarily transferred to permit the Secretary to perfect his organization. As a matter of fact, many of the functions of the Production and Marketing Administration are, by the basic statute providing therefor, originally vested in the Secretary of Agriculture. For example, Section 32 of the Act of August 20, 1935,--- various appropriations for marketing services, and marketing functions of the Research and Marketing Act of 1946. Such functions did not need to be covered by the Order.

The reference to the Commodity Credit Corporation in the Reorganization Plan is, of course, superseded by the Commodity Credit Corporation Charter Act of 1948.

2/ This is a regulatory statute imposing numerous restrictions on the conduct of futures trading in grain, and the Secretary of Agriculture is given the responsibility for its enforcement. The annual appropriation under this Act is made directly to the Secretary. No agency is provided by law for the administration of the Act but a Commission is created, of which the Secretary is a member, to handle certain appeal functions under the Act.

3/ The original statutes of February 1, 1905 (16 U.S.C. 472) and June 4, 1897 (16 U.S.C. 551), placed the functions of administering and protecting forests in the Secretary. Numerous subsequent statutes, however, have provided authorities or restrictions on the "Forest Service" which was established under these basic laws by the then Secretary of Agriculture, such as 16 U.S.C. 499, 502, 556, 557, 558, and many others. These many provisions have thus become associated by legislative practice with the group of functions relating to national forests which the Secretary has assigned to that Agency although organically vested in him. It is doubtful, therefore, whether an administrative order of the Secretary could be made fully effective unless the authorizations placed by law in the Forest Service are restored to the Secretary.

4/ The Farmers Home Administration Act of 1946, in spite of its title actually vests the functions therein in the Secretary of Agriculture. It does, however, as indicated above, provide for an Administrator of the Farmers Home Administration, and the title of the act itself implies the intention of Congress. In line with that intention, the Secretary promptly formed the Farmers Home Administration and it is thus being administered at the present time. In addition, Title V of the Housing Act of 1949 (Public Law 171-81st Cong) authorizes the Secretary of Agriculture to perform certain functions "through the Farmers Home Administration". Considerable doubt is felt as to whether the Secretary would be authorized to administer the functions covered by these acts in any other organization, although he has assigned some functions thereto not derived from the Farmers Home Administration Act, which could readily be transferred. It appears, therefore, that this agency should, for general classification purposes, be regarded as one whose organization is fixed by statute.

5/ These wholly-owned corporations are mentioned incidentally; they were not specifically referred to in the Reorganization Plan which transferred Farm Credit to the Department but were chartered and are supervised by Farm Credit Administration. Because of the character of these corporations and their close relationship to other corporations in the district organization which are not wholly owned, they are not considered as major operating units of the Department.

6/ By amendment of June 7, 1949 (Pub. Law 85-81st Cong) the Corporation has been made subject to supervision of the Secretary.

7/ The functions of the administration of the Federal Crop Insurance Corporation as established in 1938, were transferred to the Secretary of Agriculture by Reorganization Plan No. 3 of 1946, effective July 16, 1946. Section 8 of the basic law, however, was amended and reenacted by the Act of August 1, 1947 (7 U.S.C. 1505), the effect of which appears to have been to restore to the Corporation its own administration, "subject to the general supervision and direction of the Secretary of Agriculture."

FINAL REPORT

of

THE WAR FOOD ADMINISTRATOR

1945



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FINAL REPORT

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1945

To The President

LETTER OF TRANSMITTAL

War Food Administration,
Washington, D. C., June 30, 1945.

Dear Mr. President: I am submitting to you herewith a report of the general activities of the War Food Administration for the 2 years during which I have been responsible for its direction.

When I took the oath of office on June 29, 1943, it was obvious to us all that food was one of the most vital of all war materials. I have not lost sight of this fact at any time during the eventful 24 months since that date. I have said repeatedly that we cannot afford to take chances with the Nation's food supplies, and the operations of the War Food Administration have always been geared to reach the highest possible goals in efficient production and distribution.

It has not always been possible to do everything that we wished to do—to reach every objective. It has been necessary during these 2 years to fit the food programs into the total economy of a country engaged in the greatest war effort of all time. The War Food Administration has consistently fought for all the materials, transportation facilities, and labor which could be made available for food production and distribution, but it has been clear that planes and landing craft must at times have first call on scarce supplies. We would not have had it otherwise.

The primary job of the War Food Administration has, of course, been to aid in securing the necessary production of food. We are very

proud of production achievements during the war years. American farmers, cooperating with their Government, have set new production records each year.

In 1943 our farmers produced 32 percent more food than this or any other Nation ever produced before the war.

They increased this 6 percent in 1944, turning out an all-time record 38 percent above the 1935–39 average.

And the increases were greatest for those commodities which were in heaviest demand. Driving hard to overcome the loss of edible oils through Japanese aggression in the Pacific, our farmers raised domestic fats and oils production by more than 30 percent. Total meat production rose steadily, to a point 50 percent above the prewar level. In varying degree, these increases held clear across the board.

Credit for these magnificent records must go primarily to the country's farmers and ranchers. They produced more than was thought possible. And they did this in the face of serious wartime difficulties. Hundreds of thousands of our best manpower left the farms to swell the ranks in the armed services and the munitions factories. There was not enough machinery to offset the loss of labor. Storage space was frequently inadequate. Transportation was very difficult.

When the history of this war is written, one of the truly astounding chapters will be the story of how our farmers and ranchers overcame all obstacles to produce the needed food supplies. They and their families worked long hours; they pooled scarce machinery and tools with their neighbors; they used all the ingenuity for which the American producer is famous. As a result, they have earned the gratitude of the entire Nation for a production job beyond all expectations. The farmers have not failed, and anyone who sells them short makes a mistake.

Efficient distribution and division of available supplies among all the various claimants have presented serious and in many cases unprecedented problems. Never have demands on United States food approached those of the last 2 years. The War Food Administration itself has been buying an average of 5 million dollars' worth of food each day for various Government programs. Much of this food has been perishable, and there have, of course, been some losses just as there are always some losses in the handling of perishable food in the usual trade channels. When we consider the wartime shortages of storage and transportation facilities and the tremendous scope of the emergency operations, the wonder is that the losses have not been greater. The over-all record is fine, and we are proud of it.

We have heard a good deal about food shortages in recent weeks. It is of course perfectly true that our civilian consumers have not been

able to buy all the meat they wanted and could pay for. Supplies of sugar and fats and oils, both very directly dependent on world conditions, have also been less than the effective demand. There are two important facts, however, which must be remembered:

1. The civilian shortages have been in important individual commodities, but *not* in total food supplies. In 1944 our people ate a per capita average of 9 percent *more* food than they had before the war. This year that average is still from 2 to 4 percent above the 1935–39 period.

2. The shortages have not been due to failures in production, but rather to tremendously increased demands throughout the world for United States food. The armed services are finding it necessary to take about 16 percent of our total supplies; the needs of our fighting allies continue; minimum demands for liberated countries have increased; consumer buying power, and resultant demand for food, is still very high in the United States.

Looking back on 2 years of war food efforts, I find that the satisfaction of successful over-all accomplishments far outweighs any minor disappointments along the way. We have had, and still have, the best fed Army that ever marched and the best fed Navy that ever sailed. Our own people have had more food and better diets during the war than they ever had in peacetime. In addition, we have been able to spare enough food to keep up the fighting strength of our allies, thus speeding victory and sparing countless lives of American youth. These were the real objectives of the War Food Administration, and these objectives have been met.

The report which follows covers only the most general of the manifold activities of the War Food Administration during these 2 years. It considers the basic jobs of production and distribution and discusses the special problems of labor, transportation, machinery, and facilities.

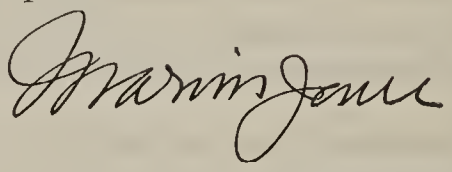
As the new staff takes over, a good foundation as well as an efficient organization will be found for continuing the program of all-out production to meet the vast wartime needs for American food.

While the announced reductions in army supplies and food requirements and the easing of farm machinery and labor shortages will tend to gradually improve the situation, transportation will continue to be a serious problem and the demands for food will continue to be great.

From the beginning the watchword of the War Food Administration has been all-out production. From that purpose it has never deviated.

The farmers and ranchmen of America have responded to every call that we have made. Their production record has been magnificent. I shall always be grateful to them, and the Nation owes them a debt of gratitude.

I am sure they will continue their good work under the new Secretary until our victory is complete.



MARVIN JONES,
Administrator.

FOOD PROGRAMS AND PROBLEMS IN 1943 AND 1944

It is now 2 months since VE-day, and a convenient point at which to assess the United States food program of the last 2 years. The wartime food production record has been one of unbroken advances; it reached a peak in 1944 which was 38 percent above the prewar (1935–39) average. But the victory in Europe has increased rather than decreased the immediate requirements for United States food and emphasized the need for continued full production.

Food, of course, is a weapon of war. As such, it ranks with ships, airplanes, tanks, and guns. Food, particularly American food, has been especially crucial in the present war, because it has been essential to the fighting efficiency of our allies as well as of our own military forces, and has been required to maintain colossal industrial productivity here and in other allied countries. Notably, Great Britain and Russia have depended heavily on United States agriculture. Modern war demands enormous food production, not only for consumption by huge forces on land and sea, but for consumption by the personnel employed in war industries, in transport, and in related occupations. The United States' response to the wartime food demand must be set against the fact that the demand was virtually insatiable.

The War Food Administration's interest in food extends from the production on the farm to the final consumption. Food serves its purpose only when it is eaten; but before it can be eaten, it must be distributed; and before it can be distributed, it must be produced. Hence WFA's responsibility covers all main phases of the food job. Starting with guidance and assistance to farmers in producing food, it carries on through the other links in the chain. For example, in cooperation with other war agencies, WFA has many responsibilities in connection with procurement, processing, storage, transport, and distribution. But the main WFA job is on the farm production front, where it involves assistance to farmers in the determination of desirable crop goals, efforts to see that farmers have the tools they need, encouragement in the use of improved farm practices, and maintenance of adequate price supports.

High Points in Wartime Food Record

The record of the American farmers in producing food during the war years speaks for itself. Production during each of the last 2 years

was an all-time record. With the 1935–39 average taken as equal to 100, the index number for 1943 was 132 and that for 1944 was 138. The most outstanding increases were in meat, poultry and eggs, and oil crops. Following the loss in the Pacific area of the source of half of our fats and oils supply, the United States through tremendous expansion in the production of vegetable oil crops and of livestock products changed from an import to an export basis in fats and oils. Also, it achieved a great increase in dairy production, and in beans and peas, important sources of vegetable proteins.

In achieving this record the farmers had to cope with many difficulties and inconveniences. Labor especially was scarce on the farms. Agriculture obtained its record food production in 1944 with 8 percent fewer workers than it had in the 1935–39 period. Moreover, much of the farm working force consisted of inexperienced workers, of women and children, and of older men. Allowance for the difference in strength and skill would make the effective labor force nearly 15 percent smaller.

Machinery was a relatively scarce item. In 1942 and subsequently farm-machinery production had to be restricted, and the new supply fell much below what farmers needed. Use of fertilizers and lime, though the highest on record, would have been still higher, had more of these materials been available. The War Food Administration kept other war agencies informed as to agriculture's requirements for labor, machinery, and supplies and conducted or aided programs that relieved the shortages.

Among the chief direct encouragements by WFA to food production in the last 2 years were extensions of the support-price program to include more commodities, special subsidy programs undertaken for dairy products in order to meet increased labor and feed costs, and removal of all limitations on production except for tobacco. The price-support program in 1944 included 7 livestock products, wool among them; 20 field crops; 15 fruits and vegetables for processing; and 49 seed crops. With limitations abolished on all food-crop production, WFA placed additional emphasis on informing farmers of the kinds and quantities of products most needed. In addition, it facilitated migration of agricultural workers within the United States and, with the cooperation of the State Department, imported agricultural labor from Mexico, the Bahama Islands, Jamaica, and Newfoundland.

Working With Other War Agencies

Preparation to transport, process, and distribute farm production was important. Accordingly, WFA cooperated with other war agencies and with processors and distributors to make efficient use of the available facilities. As an agency for the procurement, storage,

transportation, and delivery of food and other agricultural products for the armed forces and for lend-lease, WFA became one of the world's largest food shippers. With the Office of Defense Transportation it shared certain responsibilities with regard to transportation; it supported Office of Defense Transporation programs for rail equipment and supplies; encouraged prompt handling of refrigerator cars; cooperated in the application of transportation priorities and helped to work out problems connected with lake and ocean shipping. It regulated the use of storage space and cooperated with meat packers, dairy-products manufacturers, canners, and others in ascertaining and presenting the requirements of food industries for labor and equipment.

Sufficient time has elapsed since VE-day to indicate clearly that victory in Europe has increased the immediate requirements for food. One important reason is the continued high purchasing power of United States consumers, who in the absence of rationing would take at ceiling prices considerably more food than is available. Another reason is the continuance of high military demands even in Europe and increased military requirements in the Pacific. Our occupation forces must be fed, and along with them some war prisoners. Finally, the needs of Europe's liberated areas must be met, at least to the extent of guarding against famine and disorder. With Pacific-area requirements included, it is obvious we cannot expect any early drop in the claim upon the American food supply. Supply lines to the Orient are long, and take much food to fill them. It should be remembered, too, that our advances there bring problems of relief feeding in their wake.

Pressure on the Food Supply

On the other hand, food production in the United States probably reached its peak in the fiscal year 1945. With feed reserves reduced to a minimum, production of livestock now has to be adjusted to current feed supplies. In 1943 and 1944, and in the earlier war years, the United States had large feed reserves which it could put into the feeding of livestock. Our feed-wheat program, which included large imports of wheat from Canada, aided livestock production. Moreover, so far in the war years the weather has been exceptionally favorable for crops. Just average weather in 1945, with a total acreage not greater than that of 1944, would give an agricultural production about 5 percent less than that of the previous year. It is evident, in short, that the claims upon the United States food supply may continue to run ahead of the production.

Pressure on the United States food supply has been increased by declines in food production in other food-surplus countries. Total

663154—45——2

world food output in 1945 may be somewhat less than in any of the last 3 years. Widespread droughts have affected important food producing areas of the Southern Hemisphere. In Argentina extreme drought has damaged grain crops and curtailed livestock production; Australia has had one of the worst droughts in its history; food production in South Africa has been below the average for several years. The current drought in Cuba is a big factor in the present sugar situation; present indications are for a Cuban sugar crop of only about 4 million short tons, as compared with 5.6 million tons last year and a 10-year average of 3.6 million tons. Continental Europe's supply of food from domestic sources will be smaller in the consumption year 1945–46 than it was in any of the previous war years, and possibly from 5 to 10 percent smaller than that of 1944–45.

The World Need for Food

As in the earlier war years the War Food Administration continues to cooperate in alleviating the world food situation through its membership on the Combined Food Board.

It takes part in the analysis of world food supplies and requirements, and manages United States exports and imports with an eye to equitable and efficient distribution of the total supplies available to the United Nations. The first objective is the most efficient prosecution of the war, confined now to hostilities against Japan. The second objective, which must not interfere with the first one, is to aid countries liberated from Axis domination.

Many reasons call for our continued cooperation on the international food front during the months immediately ahead, among them the responsibilities entailed by our victories. Lessening of the European relief needs is not yet in sight; in fact the high point may not be passed in 1945. Food must be used inEurope as a means of averting an economic and social break-down—in other words, as a means of making sure that our victory over the Nazi principle will endure.

Currently, the Demand Far Exceeds the Supply

Total prospective claims upon the United States food supply—those of our military forces, of our civilians, of our allies, and of the liberated peoples—show the strong desirability of maintaining maximum balanced food production in the United States at least for the year immediately ahead. Ultimately, some food surpluses may develop; but this fact should not be given undue weight in laying production plans for the immediate future. It is better to have too much than too little. But the wartime requirements for food must be backed by firm commitments to asure farmers that what they produce in response to these requirements will be purchased.

Meeting the Food Claims

The distribution of our record food output has involved important WFA tasks, which have concerned allocations, Government procurement, and civilian consumption. In collaboration with the armed forces and with the Combined Food Board, WFA has sought first to make sure that the armed forces would have all the food they needed, at the right times and in the right places. Secondly, it has provided for an adequate diet for American civilians, on a per capita level above that of the prewar years. Thirdly, to the limit of the supplies available, it has answered the calls of the allies and of other contributors to the direct war effort. Part of WFA's job is cooperation with the Army and Navy in food procurements, to coordinate United States food distribution with that of the other United Nations, and to indicate foods that should be rationed. Food industries, cooperating with WFA through Food Industry Committees, have done an outstanding job in maintaining a free flow of food in record volume to civilians, and at the same time in meeting the large Government demand for food, much of which requires specialized processing and packing.

Various types of Government assistance to the food industries became available through the War Food Administration, such as representation of the need for certain priorities, Government financing of necessary new processing facilities, regulation of the use of storage facilities particularly cooler and freezer space, and synchronization of Government shipments with production peaks. WFA and other Government agencies encouraged and aided the conversion of cooler to freezer space, promoted a more continuous and more complete utilization of all types of storage, and helped to coordinate storage with transport. It was a WFA responsibility to see that various claimants received the supplies that had been promised. The task involved the use of set-aside orders, the restriction by quota of commercial sales of certain commodities, special restrictions on the uses of some foods, and occasionally the prohibition of nonessential uses. These procedures were supplementary to rationing.

Bottlenecks in Distribution

Inevitably, certain difficulties in food distribution developed from time to time. In the dry-storage field, grain presented the greatest problem; this necessitated a series of emergency actions, such as the furnishing of bins for increased storage on the farm and a permit system to control shipments to clogged terminal markets.

Some difficulties with hogs and eggs developed in 1944. Probably hog production could have been maintained at higher levels had enough manpower been available at packing plants to process larger

runs so that farmers would not have been forced to continue feeding hogs that were ready for market. Frequently, in 1944, the run of hogs was temporarirly above the capacity of many packing plants, and in consequence the hog price supports were not always fully effective at receiving points.

Egg production similarly pressed upon the facilities of the distribution system, and caused wide spreads at times between farm price levels and ceilings. This was partly the result of shortages of storage space, of egg cases, and of labor for grading eggs. It was necessary to convert some eggs into tankage. Occasionally, the production of certain vegetables for canning and for the fresh market pressed heavily on the available processing or distribution facilities, the operators of which had difficulty in getting labor and supplies.

On balance, however, the distribution system worked smoothly, and presented few impediments to the flow of production from the farms.

Price Support and Stabilization

Mention has been made of the extensive price-support system, which encouraged farmers to produce the kinds and quantities of production desired. Main features of it were loan programs; purchases of some commodities direct from farmers; purchases of other commodities from processors and dealers, with the sellers required to pay minimum specified prices to farmers; and special payments to producers, either directly or through processors. Simultaneously, WFA cooperated in the "Hold-the-Line" program for stabilizing prices and preventing inflation. This involved purchase and sales operations, accompanied by the use of subsidies. In line with President Roosevelt's "Hold-the-Line" order of April 8, 1943, WFA cooperated with the Office of Price Administration in extending the ceiling principle to commodities not previously covered, and worked out a program of payments to encourage various types of production with no addition to the cost at retail.

By 1944 WFA was operating or aiding stabilization programs for a considerable number of commodities. It assumed losses, for example, in a program designed to keep feed prices low relative to livestock prices; made payments to dairy producers on their sales of milk and butterfat; conducted a program temporarily which allowed farmers to redeem loan wheat at prices compatible with sale of it in line with ceiling prices on flour; and paid part of the cost of supporting prices of vegetables for canning to farmers and at the same time of holding down the prices of some canned vegetables to consumers. Programs similarly designed to support prices to farmers and yet not raise the cost of living were in effect for dry beans, cheddar cheese, vegetable

oils, potatoes, sweetpotatoes, sugar, and certain dried fruits. Farmers continued to earn good returns, as may be judged from the fact that total receipts from farm marketings in 1944 were about 20 billion dollars as compared with about 5 billions in the depression year 1932. Net incomes to farm operators in 1944 were nearly three times as high as the annual average for 1935–39.

Requests for Production Facilities

As official claimant for scarce materials required in food production, processing, packaging, and storing, WFA endeavored to keep its requests realistic; in other words, adequate to support the war food program and yet not exaggerated in such a way as to conflict unnecessarily with other essential claims for labor and materials. Later chapters in this report give details of the action taken with regard to labor, machinery, agricultural chemicals, container materials, and other requisites in agricultural production. Here it suffices to note that following WFA representations of urgent farm requirements additional supplies of most things needed actually became available in the two fiscal years covered by this report. For example, final output of machinery in the last 2 years, though behind the authorized schedule, has been large as compared with past production. True, the demand has not been fully met, but the outlook is much improved.

Main Credit Belongs to Farmers

Main credit for the efficient, expanded, and properly balanced wartime food production goes to the farmers. They have applied science, skill, energy, and overtime hours to the job and have been ingenious and successful in making out with scarce facilities. Prepared for cooperative endeavor by prewar experience, they have produced needed crops as nearly as possible in the proper quantities and proportions, through programs adapted and applied to individual farms throughout the country. Undoubtedly, when fully recorded, the farm production phase of the national war effort will rank high among all types of war activity.

SUPPORT PRICES, JULY 1943–JUNE 1945

The commodities for which prices have been supported in the last 2 years include most of the principal crops sold by farmers, except fresh fruits and vegetables, and all important livestock products except cattle, calves, sheep, lambs and broilers. Altogether, the commodities for which support prices were in effect accounted for about 70 percent of cash income received by farmers from marketings. The list of commodities has changed from time to time as the need for agricultural products in the war effort changed. For example, price supports on castor-bean seed terminated with the 1943 crop and supports for hemp straw and hempseed ended with the 1944 crop.

The primary purpose in supporting prices of agricultural commodities was to stimulate needed production by assuring the farmers at or before the beginning of the production season that they would receive a definite price when the product was marketed. The commodity loans made primarily for the purpose of supporting prices also helped to stabilize marketing, especially at times when normal marketing facilities were not available or were inadequate. This stabilizing influence of the support prices was important in the case of some of the grains when bumper crops in 1943 and 1944 overloaded storage and transportation facilities.

Some commodities, such as fruits, milk, and livestock feed, are normally utilized in several ways, and one of the functions of support prices for processed fruits, dairy products, and livestock products has been to guide the utilization of these products in accordance with war needs. This can be illustrated by milk, the production of which on farms has been encouraged by direct payments to farmers and the utilization of which has been influenced in part by changes in the prices realized for milk utilized in producing butter, cheese, evaporated milk, dried skim milk, and other end products.

Main Features of Price Supports

The level at which prices have been supported has varied from time to time and from commodity to commodity, partly in response to changes in legislative requirements but mostly because the needs of the war effort dictated different price stimuli for the various commodities. The range in the support prices during this period was from 85 percent of parity for the 1943 crops of corn and wheat to

more than 200 percent of parity for 1943 and 1944 crops of dried peaches.

The method of implementing the support prices also has varied; loans, purchases of raw products, purchases of processed or derived products, and direct payments to farmers all being used, sometimes alone and sometimes in combination.

The most outstanding development in price-support operations during this 2-year period was the program of direct production payments to dairy farmers. A program for supplementing market returns for dairy products was announced in September 1943 and payments began late that year on sales of milk and butterfat made after October 1. These payments, made through the county offices of the Agricultural Adjustment Agency, have proved to be a very flexible and adaptable instrument for encouraging increased production of milk without changing the very complex system of prices paid by consumers for dairy products.

The rates of payment were set higher during the winter season, when costs for feed are higher than during the flush season. When a severe drought dried up pastures and reduced hay and feed production in several Southeastern States in the summer of 1944, a special drought supplement was added to the previously announced payments in the affected counties and the higher winter rates were made effective earlier than originally planned. With the return of normal weather and feed conditions in the spring of 1945, the drought supplement payments in this area were eliminated. Without this flexible program, the output of milk in the affected area would have been appreciably smaller and some liquidation of dairy stock might have occurred.

The support prices, of course, have not worked alone; support prices and production goals have necessarily worked together. The combination of support prices and production goals, by telling the farmers what was needed and by furnishing assurance of minimum prices for the needed output, led to an expansion of agricultural production during this war which was greater than any increase in production ever before experienced by American agriculture in the same length of time. Year after year the output and the income of American farmers have increased and set new records.

Effect on Production Pattern

Although the production has not always changed from year to year exactly in accordance with announced desires or the needs of the war effort, the general production tendencies have been in the right direction and the over-all result has been a supply of food large enough to supply our own armed forces generously, to furnish huge quantities

of very essential foods to our allies, and to permit American civilians to enjoy a diet of higher nutritional value per person than before the war.

One of the incidental results of the support-price experience during this war is a legal provision for price supports during the postwar transition period. This provision is designed to give farmers a reasonable period for readjusting agricultural production to a peacetime basis and has been an important background factor in the wartime support price program, as the farmers have been thereby assured against the hasty withdrawal of support prices at the end of the war.

FARM PRODUCTION

Farmers of the United States set a new all-time production record in each of the war years, up to and including 1944. The Government first requested increased production in 1941, with emphasis on hogs, dairy products, eggs, poultry, and canning vegetables. A production pattern, set forth in production goals, was established for each succeeding year. The farmers' response to these requests for the volume and kinds of food, fiber, and oils needed in the war effort has resulted in production surprisingly close to the goals. As previously mentioned, production for sale or home consumption in 1944 was 38 percent more than the average for the prewar years 1935–39.

The acreage of goal crops planted or grown increased from 348 million as an average for 1935–39 to 354 million in 1944. From the beginning, the crop pattern showed many shifts as well as increases. Yields per acre increased as a result of favorable weather, better farming practices, and a wartime demand that called for maximum effort on the part of farmers. Thus the increase in production exceeded the increase in acreage. Record productions were attained for dry edible beans, dry peas, flaxseed, soybeans, peanuts, corn, wheat, potatoes, and burley tobacco.

Changes in war requirements necessitated changes in emphasis on different crops from time to time, and revisions in goals programs. The first need in the wartime food program was to convert feed reserves into food supplies. Greater emphasis was necessary on the need for direct food crops, particularly dry beans, dry peas, rice, and potatoes. Tremendously increased production of oil-bearing crops was imperative to meet increased needs and to offset reductions in imports from the Far East.

Obstacles That Were Overcome

Limitations in the supplies of labor, machinery, fertilizer, and supplies called for efforts to get the most from the available resources. Labor, materials, transportation, and other facilities needed to be

concentrated on the production of most essential crops. This country was not able to produce all the food and fiber desired and it was necessary to emphasize the products that could contribute most to wartime needs. Working out production goals was a problem in the balancing of needs against production facilities.

Getting wide recognition of the need for more production facilities was part of the war food job, as a later chapter of this report will show in more detail. Emphasis on direct war uses for labor and materials tended to divert attention from the agricultural need. Efforts to improve the farm facilities situation brought results. For example, the authorized 1943 manufacture of machinery was doubled in 1944 and was at 80 percent of 1940, and the machinery production order was announced four months earlier than in the preceding year. This facilitated better planning of production, distribution, and rationing.

Price supports and incentive payments for critical war commodities brought increased production of these commodities and helped to get the right balance in production. The dairy feed payment program, for example, was undertaken to compensate for increases in the cost of dairy feeds and was followed by substantial increases in production.

Difficulties developed in marketing the large potato crops and the 122 million pig crop of 1943. Production of potatoes on an acreage 6 percent above the goal was 26 percent greater than that of 1942 and was the largest on record. Domestic disappearance was at the rate of 122 pounds per capita. Large quantities were taken by non-civilian claimants, but the quantity used for feed and losses totaled approximately twice the normal percentage. Slaughtering facilities and storage were the chief limiting factors in handling the volume of hogs.

Changed Feed Situation After 1943

By the end of 1943, the feed situation had changed. The stock pile of feed grain reserves was used up; the United States had a greater number of livestock than could be fed from the feed supply in sight. Greatly increased livestock numbers and abnormally heavy feeding rates made feed supplies in 1944 about 11 percent smaller per grain-consuming animal unit than in 1943. A major problem of balancing livestock output with available feed supplies had to be solved.

It was not possible to increase feed crops substantially and still maintain needed acreages of oil crops and direct food crops. Therefore, it became necessary to balance livestock production with the feed supplies that could be produced.

Because wheat was used for feed and in the alcohol program and because large increases in requirements for food uses for military and relief feeding appeared likely, the wheat acreage goal was greatly

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increased in 1944. WFA recommended that wheat should be grown wherever it would return more feed per acre than other crops.

Before the war direct controls on agricultural production had been in effect. They were gradually relaxed until in 1943 allotments were effective only for cotton and tobacco. Allotments were retained for these crops as a means of checking undue expansion in them at the expense of food and feed crops. By 1944, the only controls remaining were marketing quotas on two types of tobacco, authorized by Congress to encourage greater food production.

In 1944, for the first time in the three war years, production goals were not revised. Special emphasis, however, was placed on achievement of the goals for certain strategic commodities. In a check-up in February 1944, indications were that the goals would not be reached for some strategic commodities unless steps were taken to increase their output above existing plans. The commodities involved were: oil crops, dry beans and peas, potatoes, seeds, feed supplies, milk, poultry, and meat animals.

Specific Aids to Goals Effort

The following specific actions were taken in an attempt to improve the opportunity to meet the goals for these commodities:

1. Support prices were increased for soybeans, peanuts, and Red Kidney beans.
2. Dairy production payment rates were increased.
3. A program was undertaken to stimulate use of nitrogen on pastures and hay crops in order to produce more forage to relieve the feed shortage.
4. Additional emphasis was placed on the use of educational campaigns to encourage attainment of goals for critical commodities.

By the beginning of 1945, the physical job of producing one-third more with 10 percent fewer people on farms was placing farmers under greatly increasing strain. But the time for relaxing had not come. Continued high agricultural production was necessary. Production goals were more selective than in previous years, with some additional recommended shifts in the pattern of production. It was more important than ever to have as nearly as possible the balanced production pattern represented by the goals, so as to avoid serious shortages on the one hand and marketing difficulties on the other.

Hence the 1945 goals called for 364 million acres of cultivated crops and hay, nearly 3 percent more than the 1944 planted acreage. They also called for increased milk production, a larger slaughter of beef cattle, and increased pig farrowings.

Changes in the requirements for various commodities resulted from time to time from the progress of the war. Naturally, these changes necessitated corresponding changes in goals and programs.

For example, in 1943, requirements were high for long-staple cotton and for hemp. Acreage of hemp fiber increased from a prewar base of less than 10,000 acres to 178,000 planted in 1943. Acreage in 1944 was approximately 70,000, with further reductions in prospect for succeeding years. Changing war conditions reduced the need, with the result that in 1944 no goals were established for these commodities.

Among the direct food crops the acreage and production of dry peas showed the greatest percentage increase in response to increased needs. For the years 1942–44 production averaged 350 percent of the prewar years 1935–39.

Marketing difficulties which had developed in handling the large potato crop and pig crop of 1943 were an obstacle in securing maximum production of these commodities in 1944. Surpluses of onions, cabbage, and carrots developed in 1944; also seasonal marketing difficulties in eggs during the peak production. Proportionately, however, the maladjustments were minor.

The Story by Main Commodity Groups

Here is a thumbnail history of farm production during the war years so far:

Meat Animals and Feed Grains

Increased production of pork, along with dairy products, eggs, and poultry, was requested in 1941, a year earlier than the establishment of goals for all major commodities. Rapid increases in livestock production were made in response to the price stimulus and to appeals to meet military and lend-lease requirements. Production of hogs, which could be increased more rapidly than other meat animals, was 52 percent over the 1935–39 average in 1942 and in 1943 was 77 percent above the prewar average. Marketing difficulties developed in handling this number of hogs. The 1944 goals called for a 15-percent decrease in the total pig crop to bring livestock numbers in balance with feed resources. Farmers, however, made even greater reductions in farrowings, so that the 1944 pig crop was about 87 million pigs or 29 percent below 1943. This drop, together with increased military requirements that later developed foreshadowed the 1945 civilian meat shortage. Goals for 1945 call for an increase in fall farrowings. The fall pig crop goal of 37 million is 18 percent higher than the number of pigs actually raised in the fall of 1944.

Numbers of cattle and calves were at high levels at the beginning of the war years, reaching an all-time high of more than 82 million head in 1944. Emphasis was placed on increased slaughter of beef. Cattle and calf slaughter was 12 percent over the 1935–39 average in

both 1942 and 1943 and increased to 37 percent over this average in 1944. Numbers of sheep and lambs declined with heavier slaughter.

Animals to produce a total of 22 billion pounds of meat, dressed weight, were marketed in 1942 and 24 billion pounds in 1943. This compares with about 16 billion pounds during the prewar period, 1935–39. Marketings of meat animals were up slightly in 1944 because of increased marketings of cattle and calves, which offset decreased marketings of hogs.

Reserve feed grain supplies, which had been largely responsible for the increased volume of livestock and livestock products marketed in 1943 and 1944, had been used up and the inevitable corresponding adjustment in livestock numbers had taken place by 1945. Feed grain goals for 1945 were again established at the full production levels.

A major problem developed in the distribution of protein feed during the latter part of 1943 and continued into 1944. Due to the greatly increased livestock numbers, a program was undertaken by the WFA to insure maximum production and equitable distribution of proteins.

The problem of securing adequate feed grains for the large numbers of livestock on hand in the feeding year 1943–44 was further heightened by the need for maintaining a high output of industrial products made from corn. The starch program was the chief concern together with the industrial alcohol program. The CCC undertook a purchase program to secure the quantity of corn needed to maintain these industries at the necessary level of production.

Dairy Production

Dairy production, which was 11 percent over the 1935–39 average in 1941, was stepped up to 15 percent over this average in 1942 and was maintained at about this level for the next 2 years.

The goal for milk production in 1944 was increased over the 1943 production in face of decreases in goals for other livestock, because of the value of dairy products in supplying vitally needed nutrients and because dairy cows utilize feed and other productive factors efficiently.

Problems in dairy production have been dealt with, involving feed-grain and protein shortages and shipments of hay to relieve drought areas. Along with the expansion of dairying, it has been necessary to develop increased facilities for converting milk into the products most needed, especially cheese and concentrated milk. The War Food Administration has offered necessary price supports and encouraged the milk-processing industry in other ways. It has encouraged greater production of cheese and endeavored to improve conditions for the production of condensed, evaporated, and dried milk. Production of milk is at goal levels at the present time.

Oil Crops

The greatest increase in acreage and production as a percentage of the prewar years 1935–39 was in the oil-bearing crops (soybeans, flaxseed, peanuts), reflecting the wartime demand for these crops. The acreage of soybeans harvested for beans for the years 1942 through 1944 average 340 percent of the prewar years 1935–39. Flaxseed acreage reached a high of 325 percent in 1943 and averaged 240 percent of prewar acreage. The acreage of peanuts picked and threshed increased over 100 percent.

Acreage goals for 1945 for these oil crops call for maintaining this high level of production.

Sugar

Although the United States continental producing areas have normally supplied only about one-third of our sugar, an attempt was made in the production-goal program to secure maximum production of sugar from beets and cane. The goals established each year were at the maximum, considering production capacity and demand for other needed commodities.

Because of labor and other production problems, actual production of sugar from sugar beets was considerably below the goals in both 1943 and 1944.

High goals for these sugar crops have been continued for 1945, and special efforts are being made to insure their attainment.

Over-all Procurement

The magnitude of the WFA task can be measured only generally by a résumé of over-all procurement of foods under commodity-purchase programs for lend-lease and other Government uses. In the 1943–44 fiscal year, for example, WFA purchased about 13,000 million pounds of food items, the f. o. b. cost of which was approximately, 2,905 million dollars. During the past fiscal year, 1944–45, WFA purchased 11,000 million pounds of food, at a cost of 1,362 million dollars. WFA's food bill during the past year averaged $3,784,115 daily.

To coordinate the huge procurement operations of the Government and to prevent competition between procurement agencies, practically all foodstuffs are purchased by the Army and the WFA. These agencies then transfer supplies to other agencies to meet requirements as needed. WFA and the Army confer closely on planning and scheduling the purchasing and handling of stocks.

A major WFA purchase policy has been to examine procurement programs so as to bring them as closely as possible in line with actual known requirements and necessary working stocks. Procurement

during the period covered included, chiefly, dairy and poultry products, meats, fish, fats and oils, fruits and vegetables, grains and cereals, seeds, vitamins, miscellaneous foods, and certain nonfood items.

When over-all procurement responsibilities are translated into their various components, the size of the job becomes more apparent. Overall procurement means more than the purchase of commodities to meet supply programs. It includes the development of processing technics, packaging, processing facilities, standardization and inspection, administration of food orders, recruitment of labor, shipping and storage.

THE WAR FOOD DISTRIBUTION JOB

From the start the War Food Administration has faced the paradox that military successes may mean temporary worsening of the food situation. It was evident before our victory in North Africa, for example, that some food for civilians would have to go there. Our armies had to take food for civilians along with them into Sicily, Italy, France, the Balkans, and the Orient.

Supplies available to the United Nations increased greatly as the war progressed, but requirements increased still more. It was never possible to provide all the food that those dependent on our production would have liked to have. Constantly, because food production competed with the production of other things needed in the war effort, the requirements had to be scaled down.

Allocation to assure that the foods available went to meet the most essential needs was thus a basic operation in the distribution job. Machinery for establishing the allocations included representation in an advisory capacity of all the United States agencies that were claimants for food. Subcommittees composed of commodity experts helped. These experts, within a general policy laid down by the War Food Administrator, adjusted requirements to prospective supplies in the manner deemed best calculated to promote the total war effort, with priority given to the requirements of United States armed forces.

Generally, the military and other war services, including those of our fighting allies, received the quantities needed for their requirements. Next came the United States civilian claim, and then the civilian requirements of our allies. The last was met to the extent that supply, shipping facilities, and other critical factors permitted. In 1944 United States military requirements took about 13 percent of the total supply, requirements for our allies and other special needs took another 7 percent (table 1). Because of increased production, the remaining 80 percent still furnished civilians a higher level of consumption than prewar—but lower than they would have liked to buy with their expanded purchasing power.

TABLE 1.—*Wartime distribution of United States food supplies*

Claimant	1935–39	1941	1942	1943	1944	1945 [1]
	Percent	*Percent*	*Percent*	*Percent*	*Percent*	*Percent*
United States civilians	97	94	86	80	80	77
United States armed forces [2]		2	7	11	13	16
WFA purchase for lend-lease, etc		2	6	8	6	5
Other exports and shipments	3	2	1	1	1	2
Total	100	100	100	100	100	100

[1] Estimated, May 1945.
[2] Includes military relief feeding.

Bureau of Agricultural Economics; Marketing Analysis Division, Market Facilities Branch, Office of Marketing Services.

Basis of Approved Requirements

Approved requirements represented an estimate, not of demand, but of claims essential to the prosecution of the war. For example, the requirements for United States civilians covered sufficient food to maintain their health, vigor, and morale, but in meats and some other items not enough to supply all that civilians wanted and were able to buy at ceiling prices. For most commodities the amounts were adequate to permit satisfactory distribution under rationing.

It was a responsibility of the War Food Administration to assure to various claimants the supplies that had been promised. This involved actual Government procurement of foods for the Army, for lend-lease, and for some other claimants, along with some control over processing and distribution. Besides rationing, in which WFA cooperated with OPA, the control system included the use of set-aside orders, the restriction by quotas of commercial sales of certain commodities, special restrictions on the uses of some foods, and occasionally the prohibition of nonessential uses. Some raw materials had to be specifically directed into special manufactured products needed for the war.

Maintenance of sizable operating inventories was necessary; also close coordination of WFA buying with Army buying. Planning the distribution pattern called for analysis of production prospects, withdrawals from stocks from time to time, and coordination of our distribution with that of the other United Nations. As a hedge against inadequacies, WFA accumulated reserves in strategic locations, and carried some working stock piles at the maximum level of safe turnover. As nearly as possible it adjusted its operations to the ever-changing world situation, though with full recognition that forecasts could not be reliable. It was never possible to coordinate operations neatly with the emergence of new requirements, largely because it was not possible to predict the course of the war. For example, the damage done by our invasion of France and our bombing of communica-

tion lines added unpredictably to relief requirements. The availability of shipping varied with military developments and influenced the food distribution pattern.

WFA Assistance to Processors

WFA has also encouraged the creation or expansion of industries that make special processed and packaged foods for war uses overseas. Achievements with many products, such as dehydrated foods, canned meats, various enriched or reinforced food products, citrus concentrates, and vitamin preparations, have been spectacular (table 2). The

TABLE 2.—*Dehydrated and concentrated foods for war use, increase in United States production, 1940 to 1944*

Product	Unit	United States production	
		1940	1944
Milk, edible nonfat, dry milk solids	Million pounds	322	584
Milk, dried whole	Million pounds	29	172
Eggs, dehydrated	Million pounds	7	321
Vegetables, dehydrated	Million pounds	[1] 8	[1] 225
Meat, canned	Million pounds	755	2, 234
Pork, dehydrated	Million pounds		13
Orange juice, concentrated	Million gallons	[2] 1.7	[2] 3

[1] Fiscal years starting July 1, 1940 and 1944.
[2] Estimated for crop years 1941–42 and 1944–45.

Bureau of Agricultural Economics; commodity branches and Marketing Analysis Division, Marketing Facilities Branch of Office of Marketing Services.

high output of these concentrated foods, which provide a maximum of vital nutrients in minimum shipping space, has played an important part in provisioning our armed forces and our allies overseas. Notable, too, have been the developments in food packaging. For example, containers have been devised that preserve food safely even where it has to be floated ashore with tropical invasion forces.

Problem of Container Materials

Wartime shortages of tin, paper, fabric, and wooden container materials have added to the difficulties of food processors. It has been necessary to allocate these materials carefully to the strictly essential uses, and to encourage the re-use of them as much as possible. WFA has conducted extensive programs to economize the materials. Also it has cooperated with WPB in reviewing allocations and determining priorities for food-processing machinery, and has taken part in arrangements to provide imported labor and prisoner-of-war labor to food processors. Technicians in WFA have worked with manufac-

turers to develop ways of stretching human and material resources, and of making some items do virtually double duty.

With requirements mounting constantly, processors ran into new problems almost daily. Transportation was a chronic difficulty; shortage of cold storage facilities taxed the ingenuity of food handlers; dry-warehouse space was at a premium. As fully as possible, WFA tried to foresee such critical problems and be ready with workable solutions, with the general object of keeping farm production moving steadily through all stages from the farm to the point of processing. The success of these endeavors must be measured from the standpoint of total war effectiveness. It is impossible to take any narrower basis, since, as mentioned, there was never a chance that supply could keep up with demand.

Ascertaining Rationing Needs

In its cooperation in the food rationing program, WFA's responsibility concerned the determination of the foods that should be included. As everyone knows, the rationing program was essential. Mainly, the need sprang from the fact that civilians with their tremendously increased buying power wanted more food than could be made available to them. It has been estimated, indeed, that at controlled prices and with rationing not in effect, civilians would have bought practically all the food production of the farms. In deciding as to rationing requirements, WFA took into the account the entire pattern of the war food requirements and consulted the other major war agencies. As much as possible, it sought to minimize the restrictions on civilian consumption, and in fact was able to provide more food for civilians than they had before the war (table 3). Naturally,

TABLE 3.—*Wartime civilian food consumption*

[Index of Per Capita Consumption of All Food and Major Kinds of Food: 1935–39=100]

Foods	Per capita civilian food consumption [1]					
	1940	1941	1942	1943	1944	1945 [2]
All foods	102	104	104	106	110	103
Dairy products (excluding butter)	105	109	117	116	122	122
Eggs	106	104	104	116	117	122
Meats, poultry, and fish	108	110	109	110	115	100
Fats and oils (including butter)	109	106	100	99	100	80
Fruits, fresh and processed	108	110	93	67	105	102
Vegetables, fresh and processed	103	109	115	107	109	106
Potatoes and sweetpotatoes	96	94	95	98	97	89
Beans, peas, and nuts	106	109	121	111	106	105
Flour and grain products	100	101	104	107	106	107
Sugar and sirups	97	107	100	89	98	85
Coffee, tea, cocoa, and spices	108	112	91	87	104	107

[1] Index numbers of retail weight equivalent, weighted by 1935–39 average retail prices. Consumption of total population in 1940; civilian only in 1941–45.
[2] Estimated, June 1945.

Bureau of Agricultural Economics; Marketing Analysis Division, Marketing Facilities Branch, Office of Marketing Services.

this was not equally true for all items. On the contrary, some of the most keenly desired foods bacame scarce for civilians; but the inconveniences they suffered were a small price for the compensation they received, namely, the assurance that American food was helping tremendously to win the war. Regular and invaluable cooperation has been received through an extensive system of local and national advisory committees. Problems common to Government agencies and to processors have been studied and worked out jointly.

The War Food Administration has given special attention to the food consumption of school children, industrial workers, and persons who must have certain foods for medical reasons. It has continued a program, started before the war, to provide lunches and milk to school children, and has encouraged the provision of in-plant feeding facilities for workers in war industries. Such facilities are available to some 7 million workers, as compared with 2 million in 1940. Educational measures undertaken by WFA have included a program to help consumers adapt their diets to wartime conditions, and to make maximum use of foods in plentiful seasonal supply.

Distribution Difficulties Continue

The wartime food distribution job, which thus far has been beset with difficulties, will likely continue difficult for the duration. With facilities of production and distribution definitely limited, while demand continues to soar, it cannot be otherwise. Post-VE-day releases of some types of labor and materials cannot offset the heavier post-VE-day increase in the burden on transportation and in food requirements. Transfer of our main strength to the Pacific means supply lines threefold longer. The cessation of hostilities in Europe means higher humanitarian and political prorities for delivery of food supplies to Western Europe.

Yet the outlook is not gloomy. Encouraged by carefully planned incentives, food production continues at record levels. Our food distribution programs have been developed to make the best contribution to the war effort and to meet United States responsibility to the various claimant groups. Hence from now on, the task will not be only one of initiating and developing suitable methods and procedures, but of adjusting and perfecting those in use. Total food production may have to be "stretched" to cover larger needs; but the burden will be minimized through constantly improving food distribution.

Inventory Control

The magnitude of WFA's procurement activities and the complex nature of the supply program for the armed forces and other essential

use requires the maintenance of sizable inventories of food. In addition, the uncertainties of various requirements, irregular availability of shipping space, and the indefinitely anticipated needs for feeding occupied territories, require continuous reserves of food to provide for special needs. General contingency reserves of certain staple commodities like dry peas, dehydrated vegetables, dried fruits and canned fish, have represented sizable percentages of the allocable supply of food. The Government actually purchases these commodities for reserve only when it becomes necessary to make sure of their availability. They are over and above the specific operating reserves provided for in allocations to individual agencies. Furthermore, in periods of heavy supply, certain commodities are bought in excess of current requirements.

STORAGE AND TRANSPORTATION

Incident to shipping and storage, one of the most difficult problems has been inventory determination and control. With the rapidly mounting deliveries of food for lend-lease and other war supply programs—increasing from 372,872 long tons in the 1940–41 fiscal year to 5,704,227 long tons in the 1943–44 fiscal year—it became apparent that improved methods and greater facilities would be needed for keeping a close and rigid account of food on its way from farm to battle front. This meant safekeeping of commodities in storage and in transit, expeditious delivery of commodities in good condition to ports or other destination, adequate inspection of warehouses, improved reporting of shipments, loadings, and in-storage movement, and other factors.

The first accurate survey of the situation became available in 1944, when a general inventory was obtained. It pointed up the inventory activities which required improvement. In the subsequent period, to bring about this needed improvement for controlling the flow of commodities, WFA took measures to:

1. Obtain better reports from warehousemen and vendors on commodities held by them, what they had received, and what was ready for shipment.

2. Coordinate the movement of food shipments to ports and port loading in order to eliminate holding food in cars at these points.

3. Obtain more complete inspection of commodities in cars at unloading points before they were loaded on ships at port.

4. Increase the out-port inspection offices and staffs in order to maintain daily reports covering the amount of food on track and the amount lifted, and to help eliminate food spoilage by putting back into storage food not lifted.

5. Separate inspection staffs so that food in storage for lend-lease shipments would be given adequate and prompt inspection.

6. Reduce food spoilage by obtaining authority to order reconditioning of warehouses and to eliminate unsuitable storage.

These and other measures promoted more efficient control of WFA inventory stocks during the 1944 and 1945 fiscal years. Currently, other means are being investigated for improving methods of inventory valuation, inventory and accountability procedures, recording of inventory acquisitions and dispositions, records of fulfillment of orders, and other program controls.

WFA Storage Activities

WFA's storage activities have been predicated on the procurement of storage based on requirements, provision for the most advantageous location from the standpoint of the claimant's demand and warehouse economy, and efforts to make commodities available for meeting immediate and urgent needs. Previous to July 1, 1943, the warehousing program was relatively small. But with the growth of the WFA procurement program, and the greatly increased production of perishable foods in 1943 and 1944, together with the interruptions in orderly movement of wartime supplies out of the country due to fluctuations in shipping, storage became an extremely vital part of the war food program.

Here is a picture of the increase in WFA lend-lease storage and shipment activities: During the 1944 calendar year from 35,000 to 49,000 carloads of commodities were in storage at any one time in some 1,500 warehouses throughout the country. This compared with from 20,000 to 35,000 carloads on the same basis in 1943. This is indicative of the demand for storage of all types.

During both 1943 and 1944, extremely tight situations developed in the storage of both freezer and cooler commodities, while dry storage was less critical. In 1943, because of light liftings, large stocks of Russian types of meats were accumulated in storage facilities of the country. The armed forces were assembling large inventories, and WFA was building up quantities of perishables for lend-lease.

Furthermore, large quantities of early potatoes were moving into storage as a result of WFA's price-support commitments. These perishable commodities were accumulating at a time when there is normally a large seasonal in-movement of cooler products. The accumulation taxed the country's facilities. A similar situation existed in

1944. War food supply programs were stepped up, there was a record slaughter of meat, and also a record production of eggs that called for additional storage. Further, for a considerable period in the spring of 1944, previous to the invasion of Europe, there was an extensive break-down in shipments of food out of the country.

Construction and Conversion of Storage Space

While there were limitations on the use of materials and facilities for construction of new cold-storage space during both 1943 and 1944, there has been a total wartime expansion of 37 million cubic feet of cold-storage space, in addition to expansion provided by the armed forces. The increase in cold-storage space was brought about partly by construction of new facilities, and partly by conversion of dry storage to cooler and freezer storage, and cooler storage to freezer storage.

The expansion has been made in areas where space is most critically needed. To provide flexibility in the use of the new facilities, much of the space has been constructed so that it can be used at either freezer or cooler temperatures.

Since materials for building new storages were limited, it was necessary to take other measures to protect the supply of perishable food. These measures, both voluntary and otherwise, were designed to (1) make more efficient use of all available refrigerated facilities, (2) regulate the use of cold-storage space, and (3) convert and expand cold-storage facilities.

To accomplish these objectives, emergency facilities were brought into use. Warehouses used for seasonal products, such as apple houses and ice storage houses, were encouraged to take other products when their occupancy was low. Millions of pounds of lard, cured meats, and eggs were stored successfully in such space. Other measures included the speeding up of processing to reduce the time unprocessed products need to remain in storage, the conversion of cooler storage space to freezer storage, and the establishment of information centers throughout the country to furnish persons wishing to store products with information on unoccupied space. Information was collected twice monthly on the occupancy of refrigerated facilities, tabulated, and supplied to the armed services and others who could make use of it. Close contact was maintained with the industry through a Refrigerated Warehousing Industry Advisory Committee, set up to consult and advise on storage problems.

Inter-Agency Cold Storage Committee

In the winter of 1943–44,when the heavy run of pork and a decline in shipments of perishables abroad created a tight freezer situation, the various Government agencies interested in cold storage were faced with a common problem. Some were seeking storage space for their particular products; some had a responsibility for taking care of the country's food; and others had transportation problems. It became apparent that more could be achieved if their efforts were coordinated. Consequently, an informal committee was set up known as the Inter-Agency Cold-Storage Committee. The Committee was made up of representatives from the following agencies: War Department, Navy Department, War Food Administration, War Production Board, Office of Defense Transportation, Office of Price Administration, and the Department of the Interior. This Committee has served as a clearing house on cold-storage information as a policy-formulating group for handling common problems and as an advisory group to the representative action agencies when their individual cold-storage problems affected other agencies or the over-all cold-storage picture.

While voluntary programs were of valuable assistance in meeting cold-storage emergencies they alone were not adequate without some formal restriction measures. Accordingly two cold-storage orders were issued to prohibit refrigerated storage of products that could be kept in dry storage. They also limited the time during which space could be reserved prior to the time the merchandise was received. Limitations were placed on the length of time any commodities could remain in cold storage. This aided in speeding up the processing of products into forms which could be held without refrigeration.

Dry-storage problems in the main have not been so acute as cold-storage problems.

However, as early as 1942 it became necessary to take steps to provide extra storage for grain. This program encouraged the holding of grain in farm storage, expansion and efficient use of all existing storage space, use of emergency storage space and control of the movement of grain from farm to market. Market storage committees were created in 18 of the principal markets to deal with local problems of transporting and storing grain. These committees developed current reports regarding space and plans to handle emergencies. Permit committees were appointed in 22 markets to regulate the flow of grain into the markets. In 1943 this program was broadened to include rice and soybean markets where new permit committees were established.

Transportation

The War Food Administration shares with the Office of Defense Transportation the responsibility for providing adequate transportation for food and agricultural products and for determining priorities to protect essential shipments.

Throughout the war period the railroads have borne the major burden of domestic transportation with a greater load of food and agricultural commodities to handle, and with a reduction in rolling stock. In the calendar year 1943, the tonnage of food and agricultural items originated by Class I United States railroads was 65 percent more than in 1940, while on all freight—including products of agriculture—the increase was 47 percent. In 1944, the movement of certain agricultural products increased over 1943. Livestock loadings in 1944 were 892,000 carloads—6 percent over 1943. Fruits and vegetables, with an estimated 972,000 carloads, showed an increase of approximately 14 percent over 1943. For perishable food products as a whole, including fruits and vegetables, the 1944 movement approximated 2,121,000 carloads—12.5 percent over 1943. On the other hand, shipments of grain and grain products—2,521,000 cars—represented a decline of only 5 percent.

In both 1943 and 1944, the increase in the tonnage of freight and heavy military and lend-lease demands lengthened the average haul. Another contributing factor to the tight situation was the decline in refrigerator cars available for service. In 1942 there were 142,380 refrigerator cars; the number has declined to 138,410 in 1945. Lack of refrigerator cars presented acute problems during both 1943 and 1944. There were temporary shortages of boxcars during both 1943 and 1944, but they were of shorter duration last year. At present the number of boxcars is 739,234—some 6,142 units less than a year ago, and 17,639 less than in 1943. The tank-car situation likewise was also tight during the past 2 years, and remains so currently.

In the face of manpower shortages and shortages of irreplaceable equipment, specific measures had to be developed to handle the greater quantities of food and agricultural products for shipment.

Saving in Use of Transportation Equipment

In conjunction with the railroads and the Office of Defense Transportation a program was developed to obtain a 10-percent saving in use of transportation lines and equipment. Shippers were encouraged to load and unload cars more promptly. Products that did not require refrigerator-car protection were required to be moved in boxcars. Restrictions were placed on car diversions and the length of time cars could be held. Other steps were taken to improve operating

efficiency and to insure that all necessary demands for refrigerator cars were met before such cars were used for handling nonperishable commodities. Also included in these measures was heavier loading of cars hauling some types of commodities, such as cotton and grain. WFA also improved its billing procedures to avoid undue holding of cars by vendors awaiting receipt of billing. A system of transportation priorities was established in cooperation with ODT to govern the use of refrigerator cars. The present situation requires continuance of this system.

Rail facilities were supplemented by other means of transportation, notably through the Great Lakes waterway. For example, in 1943 a need for movement of a minimum of 160 million bushels of grain on the Great Lakes was foreseen. Joint WFA-ODT efforts resulted in the movement of 200 million bushels. During late 1943 and 1944 considerable grain was moved on inland waterways by use of barges.

Tank-car shortages also required action to assure available space for moving fats and oils. Conservation measures were adopted, tank-car movements were watched closely, and WFA and ODT cooperated in managing car allocations to meet all needs.

The WFA has acted as claimant agency before ODT and WPB for transportation of all farm and food products. WFA also carried similar representation to the Interstate Commerce Commission, Office of Price Administration, and the American Association of railroads. Annual savings amounting to millions of dollars were brought about by adjustments in freight rates on various commodities. Each case of proposed abandonment of rail lines was investigated to ascertain if the action would be detrimental to transportation of farm produce.

In spite of the fact that rail facilities could not be expanded and food production had increased tremendously, practically all commodities were handled without loss.

Transportation by Truck

Commercial trucks are vitally necessary to the movement of food and farm products.

New production of trucks in 1943 was negligible, but was increased by more than 96,000 in 1944. This, however, fell short of being enough to replace trucks that had to be retired because of age. The average age of trucks is now estimated to be approximately 8 years, with farm trucks somewhat older. Retirements, in spite of heavier replacement parts approved by WPB, will increase in 1945.

Most serious, however, is the short situation on heavy-duty tires. Since July 1944 heavy-duty tires have been distributed through the Office of Price Administration on the basis of a priority list jointly prepared by WFA and WPB. Heavy-duty tires allocated since that

time, in general, have been sufficient only to meet the needs of the most essential commodities and services. The priority system gives high preference to essential foods, such as perishables. Other food and agricultural products have lower ratings. The essentiality list applies to gasoline and parts for motortrucks as well as tires.

FARM LABOR

American industry and the Nation's farmers have this distinction in common—they both have set all-time records for production during this war. But there is this difference in their respective achievements: Industry has employed more workers than ever before. Farmers have turned out the vast quantities of food and fiber needed for war with fewer—not more—workers than they had in the prewar years. With 10 percent fewer workers on farms, food production by the end of 1944 had been increased more than one-third above prewar years.

Since 1940 the farm population has decreased more than 5 million, or 17 percent. Migration of more than 5 million farm people to cities, towns, and villages occasioned by the wartime expansion in nonagricultural employment has been by far the most important factor in this unprecedented population decline. About 1,200,000 farm workers—farmers and farm hands—went into the armed services. Added to this number were about 650,000 young men who, prior to entering the services, were living on farms but working at nonagricultural occupations or attending school. In addition, a large number of men and women transferred from farm to industrial occupations, though they continued to live on farms.

There have been some replacements in the farm work force, and these have come largely from within the farm population. According to employment estimates of the Bureau of Agricultural Economics, the average annual farm employment for 1944 was 10,037,000, compared with 10,585,000 for 1940, a reduction of 5 percent. In a breakdown of these estimates, BAE shows that operators and unpaid family workers in 1944 averaged 7,810,000, 3 percent under the 1940 average, while the average of 2,227,000 for hired workers last year was 13 percent below the 1940 average.

Total farm employment each month in the first half of this year has been lower than for the corresponding month of 1944. It has averaged 9,077,000 for the first half of the year, compared with 9,263,000 for the first half of 1944, a drop of 3 percent.

Along with the numerical decline there has been a drastic change in the composition of the farm-labor supply. Male operators and workers who have left agriculture for the armed services or industry

have had to be replaced largely by women, youth, and retired men returning to active farm life for the duration of the war. The replacements have not, for the most part, had the stamina and skill of the men whose jobs they were called upon to fill.

Yet the output of our farms has increased, year after year, and in no year since 1940 has there been a significant loss of agricultural production that could be attributed to the labor shortage. How has this been possible?

Ways of Compensating for the Labor Shortage

To compensate for the loss of experienced, able-bodied manpower, the American farmer has worked more hours per day and more days per month, and has overcome the shortage of hired help in many cases through fuller use of family labor. Where a grown son or young hired hand has left the farm, the farmer has replaced him with an elderly man. He has used workers from the towns and cities. He has used foreign workers, prisoners of war, and other unusual types of labor. He has shared labor, machinery, and other facilities with his neighbors to a greater extent than in prewar years and devised ingenious ways of saving labor. Frequently he has let some tasks go, such as repairing fences and buildings, to concentrate on getting essential commodities produced and on their way to market.

Farmers have done much to meet their labor needs from their own resources. However, action needed to be taken—and was taken—to check the drain on farm manpower, mobilize all available workers in the local communities, bring in foreign workers, and transport both foreign and United States workers within States and across State lines to areas where local mobilization could not fully meet the need, set up and operate camps, and give the inexperienced recruits as much training as possible to fit them for farm tasks.

Since November 1942, when Congress passed the Tydings Amendment to the Selective Service and Training Act, many skilled men who otherwise might have been lost to the farm work force during the war have been retained in agriculture through occupational deferment. The Tydings Amendment provides that any registrant found by his local Selective Service Board to be necessary to and regularly engaged in an agricultural occupation or endeavor essential to the war effort shall be deferred until a satisfactory replacement can be obtained. Occupational deferment has been granted under this amendment to about 1,600,000 farmers and farm laborers between 18 and 37, inclusive.

Another measure which has helped to check the drain on farm manpower has been the War Manpower Commission regulation No. 7.

It requires that before a farm person can transfer to nonfarm employment, except for a temporary period not to exceed 6 weeks, he must be referred to a specific job by the United States Employment Service, or in accordance with an arrangement with the United States Employment Service. This regulation, which went into effect in the fall of 1943, has provided some measure of control over the transfer of workers from agriculture to industry. It is now being relaxed in areas where the manpower problem is no longer acute. Job transfers within agriculture and by persons desiring to leave their nonfarm employment to engage in farming or work on farms have not been restricted.

Farm-Labor Supply Program

The farm labor-supply program, provided for by Congress and jointly administered by the War Food Administration and the State agricultural extension services, is now well into its third year. Under this program, the State extension services and their county agents survey the farm-labor needs within their respective States, receive orders from farmers for workers, and recruit men, women, and youth for temporary, seasonal or year-round agricultural employment. These recruits make up what is known as the U. S. Crop Corps. Affiliated with the Crop Corps are the Victory Farm Volunteers, composed of youths 14 to 17 years of age, and the Women's Land Army, for girls and women 18 years of age and over.

The U. S. Crop Corps has made a substantial contribution to war food and fiber production. The 12,000 local farm-labor placement offices throughout the country placed 3 million different individual workers in some 5½ million temporary, seasonal and year-round farm jobs during 1944. Besides rural people and others with farm backgrounds, these workers included teen-age school youth, college girls, teachers, clerks, stenographers, housewives and businessmen.

For the first 4 months of 1945, the State extension services reported that 640,941 placements had been made. This was an increase of 52 percent over the 422,209 placements made in the same period of 1944. The period of peak demand for farm labor comes during June, July, August, September, and October.

In areas where local and intra-State recruiting campaigns do not provide sufficient labor, workers from other States, foreign workers, or prisoners of war are employed to supplement the local supplies.

The War Food Administration's Office of Labor, established June 21, 1943, has carried on the program initiated by the Department of Agriculture in 1942, of bringing farm workers from foreign countries. This year the Office of Labor is supplying the largest number of these

workers to be transported to the United States since the program's inception. By June 30, foreign farm workers in the country under contract with WFA's Office of Labor numbered 95,137. They consisted of 65,633 Mexicans, 22,254 Jamaicans, 6,104 Bahamians, including 85 white Bahamian dairy workers, and 1,146 Newfoundlanders.

The largest number of foreign workers employed on farms at one time in 1944 was 94,649. They consisted of 67,860 Mexicans, 17,437 Jamaicans, 5,653 Bahamians, 908 Barbadians, 1,301 Newfoundlanders, and 1,490 Canadians.

These workers are brought to the United States under agreements between the Governments of this country and of each of the countries concerned. Each worker has a contract with WFA's Office of Labor, and growers or growers' associations contract with the Office of Labor for their employment. They are employed principally on crops requiring large amounts of hand labor and have been an important factor in meeting labor needs in certain critical areas.

Some farm workers of this country also have been transported interstate each year by WFA to relieve shortages in areas where not enough labor has been available locally or within the State to harvest certain crops. Last year the Office of Labor transported 11,322 domestic farm laborers interstate. Responsibility for interstate transportation was shifted this year to the Extension Service, which by the end of the harvest season will have transported 10,000 or more workers interstate.

Housing for Farm Workers

To supplement housing provided by agricultural employers or the State extension services, the Office of Labor last year operated farm-labor supply centers (camps) on 273 sites for 150,000 workers in 29 States. This phase of the labor program is being continued this year on about the same scale. Agricultural workers' health associations, operating with WFA funds, have provided free medical care in the last year to approximately 150,000 foreign workers and domestic farm workers living in farm-labor supply centers or in the vicinity of the centers.

Prisoners are being employed in agriculture this year in increased numbers. The War Department has announced that a peak total of 85,000 war prisoners will be used in contract work through July, as agricultural laborers. WFA will request an even larger number of prisoners of war for farm work in the peak of the fall harvest season. As of June 7, a total of 74,662 prisoners was reported from the States as available for agricultural work, with 63,753 actually employed. Last year approximately 65,000 POW's worked in agriculture.

The upward trend in farm-wage rates induced by the wartime demand for agricultural workers has continued this year to a new record. On June 1 farm wage rates were about double those paid 3 years ago. For the country as a whole monthly rates on that date averaged $81.30 with board and $93.10 without board. Daily wages were $3.65 with board and $4.16 without board. These were all record highs, except for wages per day with board, which were exceeded slightly in October 1944.

Wage-Stabilization Program

Under WFA's farm wage-stabilization program, administered by the Office of Labor and State WFA Wage Boards, 52 specific wage ceilings have been established to date covering 24 commodities or operations in the States of California, Oregon, Washington, Idaho, Arizona, Delaware, and Florida. The ceilings limit the wage rates paid to approximately 450,000 farm workers in particular areas of these States. Specific ceilings are established only after a majority of growers of a commodity in an area have requested WFA's intervention. In the absence of specific ceilings, an employer may increase wages and salaries of agricultural labor up to $2,400 a year without the War Food Administrator's approval, but the Administrator's advance approval is required to increase the wages or salaries of agricultural labor earning $2,400 a year or more, or to increase an agricultural employee's wage or salary from less than $2,400 to more than $2,400 a year. A number of applications for approval of wage or salary increases has been acted on by the Director of Labor, or by the State WFA Wage Boards, to which this authority has been delegated.

THE "TOOLS" OF FOOD PRODUCTION

The War Food Administration has acted as official claimant for the scarce materials and facilities needed for all food production, processing, packaging, and storing.

A claimant has an important, and difficult, function in the system for apportioning materials and facilities to the various segments of the war economy. As claimant for just one segment of the economy, it is a special pleader. It must, in a sense, compete with the other segments—including the military—and must present its legitimate claims persuasively and successfully. Yet it must recognize that the purpose of the claims—of the whole apportioning procedure—is to expedite the prosecution of the war. It must recognize that the military alone often needs more material than is available for the entire economy. Thus, like any other properly functioning governmental

unit, the claimant agency must represent the whole people—the total public welfare—and not merely the interests of its economic segment.

Sound public policy has dictated that the War Food Administration keep its claims realistic at all times, neither too small to support the food program nor exaggerated in such a way as to conflict needlessly with claims of other war-supporting industries or the military services.

It has not been easy to carry out such a policy while kaleidoscopic changes were occurring in both war requirements and supplies of materials.

Producers have needed more equipment and materials either to lighten their work load or, in some cases, to increase their output. Recognizing that more production "tools"—referring to all supplies needed in the food program as tools—would mean more food, the WFA has often found itself in disagreement with final decisions as to the apportionment of supplies. At the same time, the WFA has recognized that public buying power and convenience are interwoven with individual conceptions of "war necessity." Only the long, historical view can show whether more food tools for the production of food should have been made available out of our total war resources.

The fact that military power had to be created rapidly—as is always true in nonaggressor nations such as ours—led to sudden heavy emphasis on direct military supplies and manpower in the preparatory and first active stages of the war. One inevitable result, in the later stages, has been difficulty in shifting the economic gears, reemphasizing war-supporting requirements, remanning the depleted production lines, catching up with essential pent-up demands.

In spite of delays and uncertainties, however, increased supplies of most things needed in the food program have been made available in the two fiscal years covered by this report.

Farm Machinery and Equipment

A case in point is farm machinery and equipment. The carbon steel used in fabricating this equipment, including repair parts, has totaled more than a million tons in each of the last two fiscal years, compared with less than 923,000 tons in 1940 and much less than that in the early stages of the war. Exact comparable figures are not available for the early stages of the war because programming during that time was on neither a fiscal- nor a calendar-year basis.

However, the trends are shown accurately by the following comparisons, by calendar years, of actual sales to U. S. farmers of new machinery (not including repair parts) in terms of manufacturers' 1940 prices:

1940, one of the program base years	$318,400,000
1941, the all-time record and last peacetime year	445,800,000

1942, under the original limitation	$333,300,000
1943, when production was drastically curbed for 3 months, permitted to increase a little for 3 months and then reprogrammed on a fiscal-year basis	218,100,000
1944, including some production authorized but not completed in 1943	410,800,000

This year, 1945, output is likely to exceed that of 1944 by a considerable amount. During the third quarter of the year, manufacturers are being given positive assistance to increase their production at least 30 percent and will be permitted to increase it even more if they can obtain the materials and manpower without Government assistance. New record output seems to be in sight, although the Government assistance on manpower and components is less than that recommended by the WFA.

The production indicated above, together with greatly increased production of repair parts, has permitted farmers to increase mechanization of their operations during the war. This has been essential because of the smaller and less effective supply of farm labor.

Further relief for the farm labor situation has been effected by requiring increases in the production of several labor-saving machines. (This is an important fact in interpreting the preceding over-all figures on farm equipment.)

For example, in 1940 production of corn pickers was 11,436; in the past 2 fiscal years it has amounted to 29,681 and 32,861, respectively. The annual production of large combines has been about tripled since 1940. Production of pick-up hay balers—2,045 in 1940—was more than seven times as great in the program year of 1943–44. These are exceptional increases, of course, but many other machines have been produced at replacement levels.

Demand for farm machinery has not been met. Production of machinery has consistently run behind schedule—a matter over which the WFA has had no authority. But authorized programs and final output in the past 2 years have been large in relation to both the past production and to simultaneous military requirements.

The present improved outlook does not necessarily mean the farm machinery problem has been solved. Both needs and buying power will continue to be large while food demands are large, and the materials and manpower needed by farm-machinery plants may not flow to the plants naturally. No chances should be taken so long as the war continues. But assuming reasonable care, the prospects are brighter now than at any time since the war began.

Chemicals and Fertilizers

Most chemicals needed in the food program have been available in relatively large volume during the last 2 fiscal years. There are exceptions in the vast list of needed chemicals—pyrethrum and rotenone insecticides included—but fertilizer materials are not among the exceptions.

Compared with the prewar period of 1935–39, the use of fertilizer materials in the past 2 years has been up greatly—by about 80 percent for nitrogen and phosphoric acid and by more than 90 percent for potash. This has had an extremely important bearing on food production by increasing the efficiency and over-all output of many farms. Fertilizer prices have been low in relation to farm commodity prices, and demand has not been met in all areas.

Increased use of the three principal fertilizer materials is shown by the following tabulation:

Years:	Tonnage		
	Nitrogen	*Phosphoric acid*	*Potash*
1935–39 average	368,000	758,000	373,000
1943–44 (fiscal year)	643,000	1,300,000	604,000
1944–45 (estimate for fiscal year)	668,000	1,350,000	718,000

Fertilizer is one of the most important parts of the chemical picture.

Agriculture, directly and indirectly, is probably the biggest single consumer of chemicals. The uses are classed generally in three groups: (1) Fertilizer, (2) protection of crops and livestock, and (3) processing, packaging, and preservation of food.

A separate volume would be required to list all of the chemicals involved and to chart the changing supply situations. Suffice it to say (1) that the increased food output would not have been possible without adequate supplies of chemicals and (2) that supplies would not have been adequate without care, conservation, and cooperation—together with considerable ingenuity—on the part of both industry and Government.

Examples of the means used include:

Insecticides.—Agricultural use of pyrethrum and rotenone has been permitted for only the most essential needs; nicotine, scarce since the end of 1943, is being conserved through cooperation between industry and WFA without the formality of an allocation order; military use of the new material DDT is permitting release of some pyrethrum and rotenone for agricultural uses; substitutes for scarce materials are being used constantly, thus enabling farmers in general to "get by" with minimum crop losses.

Fertilizers.—Rates of application have been limited, first according

to essentiality of crop, later according to State experiment station recommendations or normal local rates. The number and content of grades of mixed goods has been limited. Distribution has been kept equitable by putting responsibility on each manufacturer, dealer and agent to supply his regular area. Needs of farmers who buy materials for straight application or home mixing have been safeguarded. On the recommendation of WFA, sulphuric acid production facilities have been expanded; likewise in response to WFA requests, scarce shipping space has been assigned by War Shipping Administration to imports of Chilean nitrate.

During the early days of the war, serious shortage developed in the supply of chemicals used as supplements in foods and feeds and in food processing—edible acidulants, such as citric, tartaric, and lactic acids, phosphates for production of yeast; vitamins for food and feed enrichment—and among some of the food processing chemicals such as chlorine and benzcyl peroxide for bleaching and aging of flour; acids, salts, alkalies, and synthetic detergents for the sanitation of food processing plants; and refrigeration chemicals.

While a few of these are still in short supply, the needed chemicals have been provided. This was accomplished by locating new sources of supplies of raw materials, providing new production facilities, and wherever possible, providing suitable substitutes.

It is worth noting that needs of Victory gardeners for both fertilizers and insecticides have been met adequately during the period of this report.

One of the most noteworthy footnotes in the story of chemicals and fertilizers is the fact that rationing and other expensive administrative measures have been avoided through close cooperation between the industries and the WFA and other Governmental agencies.

As to the future: The 1945–46 chemicals and fertilizers supply picture is not clearly delineated. While it is certainly brighter than in the past war years, there are elements of uncertainty which will need to be carefully worked out to prevent dislocations and seasonal shortages in chemical materials required to achieve food-production goals.

Containers

Container shortages have been a threat to food supplies throughout the war, but so far as known by the WFA no crops and no processed food have been lost for lack of containers.

WFA has issued no container regulations but, through close and continuous working relationships with the War Production Board and the various trade groups, arrangements have been made for (1) handling seasonal problems, (2) discriminating between the more and the

less essential commodities, and (3) conserving containers and container materials.

Examples: In both 1944 and 1945, the highest priorities were obtained for barrels in which to move the flush-season output of dried skim milk. Use of tinplate has been (1) prohibited for dog food, coffee, consumer-size packages of lard or other shortening and (2) reduced for many other products such as dry beans, codfish cakes, and sauerkraut. In the spring of 1944 several million extra egg cases made of fiberboard were obtained on account of the greatly expanded seasonal supply. At various times when unexpected problems developed in fruit or vegetable areas, seasonal priorities for cans were obtained to save food. In response to two different threats of grain spoilage on the West coast, several million yards of bagging material were made available on an emergency basis. As paperboard became scarcer, industries were advised to conserve it, with the result that much more food is being packaged with 10 to 15 percent less material. More than the prewar number of wooden containers for fruits and vegetables are being obtained, but the increase would be insufficient to handle the crops were it not for conservation and reuse.

The tremendous increase in home canning has been made possible by increases in the production of closures—from 12 million gross in 1941 to more than 30 million gross in 1944—and of glass jars—from 800,000 gross in 1941 to 2,500,000 gross in 1943.

Increases in the use of tinplate for the food program are perhaps even more significant. Approximate tonnage figures for cans, crowns, and closures for 1944 and 1945 are 2,200,000 and 2,800,000, respectively, compared with 1,750,000 in 1940. The increase is actually greater than that indicated by the figures, for the prewar figure included many uses which are now prohibited or restricted.

One of the biggest container problems of 1945 is that of textile bags. Requirements rose unpredictably as Europeans were liberated and it became necessary to ship more food, particularly wheat, through the devastated European ports which could not handle large bulk shipments. In 1941 the United States used for bags about 619 million yards of burlap and 844 million yards of cotton goods; in 1944 the comparable figures are 632 for burlap and 1,032 for cotton. This year, so far, supplies of cotton goods are smaller and burlap supplies are not enough larger to compensate. Intensive conservation and reuse of available bags are essential measures.

For the duration of the war and probably longer, tin, textile, and wood products are likely to be scarce in relation to demand. This fact should not be overlooked in the formation of plans and programs for food.

Food-Processing Equipment

Early in the war the production of food-processing equipment for domestic use dropped to an all-time low.

Large expansion was necessary in facilities for dehydration and canning, meat packing, dairy products, and edible oils. Replacement machinery was needed too because of wear and tear resulting from longer working hours and poorer maintenance by inexperienced help. In October 1943, shortly after WFA undertook the programming of food processors' machinery requirements, a year's program was established to provide machinery valued at $102,000,000 for food industries, compared with deliveries valued at $30,000,000 during the 1942–43 fiscal year. Programs were set up also for cotton-ginning and delinting equipment, feed salvage, fishing vessels, and other industrial equipment, which raised authorized production levels of all food, feed, and fiber processing-plant equipment to about $175,000,000 per year.

The dairy- and milk-products machinery program also was as large ($30,000,000) as the previous year's total sales of machinery to the major domestic food-processing industries. Major expansion was undertaken to recover feed from canners' and distillers' waste, and in alfalfa dehydrating. Expansion rapidly progressed in canning and food dehydrating, in the processed eggs and dairy products fields, especially in cheese, powdered and evaporated milk, and in meat products. These programs necessitated building construction valued at more than $300,000,000, ranging from simple buildings and essential holding and storage facilities to highly complicated processing plants.

Expansion of corn-sugar facilities to relieve insofar as possible the tight supplies of cane and beet sugar has been sponsored and approved by both WFA and WPB.

The fishing-craft construction for which WFA has been the claimant has provided sufficient boats to replace the 1,000 craft (approximately 30,000 tons) which were requisitioned by the armed services at the beginning of the war.

Surplus War Property

For somewhat more than a year, an effort has been made to add to the food production "tools" from supplies no longer needed by military and other war agencies.

Between June 1 and December 31, 1944, agriculture received an estimated 25,000 trucks from a probable total supply of 50,000, which included many of sizes and types which agriculture could not use. Arrangements were made to channel such trucks to the areas and the

individuals able to use them to best advantage in the food program. At first informal and not fully effective, such arrangements have been improved and formalized through action of the Surplus Property Board for the purpose of preventing impairment of farm production. The Board also has provided special procedures for other surplus goods needed by agriculture.

In response to a request by the War Food Administrator, the Secretary of War recently instituted a study of the military-truck situation and is currently making available approximately 30,000 trucks of types and sizes required in agriculture.

Through arrangement with the Reconstruction Finance Corporation, the WFA has assisted in holding 54 rural auction sales of DPC supplies (mainly tools and other residue from war-plant construction). In this way, 25,250 individuals in rural areas—about 1 person in every 4 attending—have been able to buy supplies which cost the Government $419,000 when new. They paid $214,000.

The first war plants converted to uses benefitting agriculture were hemp plants, owned by the RFC, which the WFA found could be used for drying corn of high moisture content.

Other Food-Program "Tools"

As claimant, WFA has dealt with many essential items in addition to those already mentioned—hand tools, fencing, merchant trade products, copper wire, lumber, farm scales, farm engines, electrical motors, milk cans, pressure canners, gasoline for use on farms, production textiles, and others.

In addition to its work as claimant, the WFA in the past 2 years has:

In cooperation with the War Production Board, reviewed and offered recommendations on 92,318 applications for priorities assistance involving food, feed, and fiber facilities and equipment costing 750 million dollars.

Administered distribution of milk cans, lumber for farms, copper wire for farmstead wiring, farm engines, fertilizers, and certain insecticides.

Rationed and exercised certain other distribution controls over farm machinery until the fall of 1944, when the principal shifting of crop acreages had ended.

Made recommendations on applications for Necessity Certificates requesting accelerated amortization under provisions of section 124 (f) of the Internal Revenue Code.

Advised various war agencies, in Washington and in the field, in regard to agricultural requirements for materials and equipment for

which there were no special agricultural allotments. Examples: Trucks, crawler tractors, tires, and gasoline.

It would be impossible to relate all of the detailed arrangements made to assure producers adequate or the most nearly adequate supplies possible. Suffice it to say that the arrangements have been many, varied, and on the whole quite effective.

Over-all Decisions in "Tools" Allocation

No one knows the extent to which food production might have been expanded if more equipment had been available, just as nobody can estimate how much the war might have been shortened if the armed forces had had more men and equipment. One can only speculate. But this we know: The amount of equipment and supplies available for the food program has been determined largely by policy decisions in the over-all war planning and therefore may be appraised according to the over-all success of our war management.

A realistic appraisal will indicate at least that the farmers and food industries, like the military services, have geared their plans to the productive capacity of the Nation and have used the available "tools" to the utmost.

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Explanatory Notes to Outline of "Factors Relevant to Reorganizations For War"

This outline was prepared in rough draft form by the Agricultural History Section of the Division of Statistical and Historical Research, Bureau of Agricultural Economics and has not been edited or otherwise made available for general distribution. The outline is included along with other material summarizing the highlights of administration of food programs during World War II since it contains, in addition to a chronological listing of changes in organizational structure and administrative machinery, a listing of certain factors relating to these changes such as the policies, opinions and other considerations, expressed by the Congress, farm and other organizations and individuals at various stages of war-time food administration.

Factors Relevant to Reorganizations for War

Introduction

I. Growth of the Department of Agriculture between the two World Wars.

A. Large increase in the Department's size.

1. Total expenditures increased from twenty-three million dollars in 1914 to one billion two hundred and thirteen million dollars in 1939.
   a. Expenditures of AAA alone in 1939 were 787 million dollars.

2. The number classified as Department employees increased from 16,061 in 1914 to more than 70,000 in 1939.
   a. The 1939 figure does not include more than 70,000 county AAA employees, nor approximately 9,000 State and county extension employees.

B. Marked increase in the Department's functions.

1. The Department's research and educational functions of 1914 were expanded to include economic action programs which reached directly down to the individual farmer.

2. The Department's functions were expanded to include marketing machinery for the disposal of surplus agricultural commodities.

C. Great increase in the complexity of the Department's administrative problems in the period from 1914 to 1939.

1. Expansion in Department's administrative machinery.
   a. Department's organization in 1914, in keeping with its relatively simple functions, was that of semi-autonomous bureaus.
   b. Department's administrative machinery was expanded during the first World War particularly in the areas of marketing and cooperative extension work.
   c. Most significant organizational developments from 1918 to 1933 were the establishment of the Bureau of Agricultural Economics and the Bureau of Home Economics.
   d. Large new agencies were added in the period 1933 to 1938 to administer the new "action programs" and the responsibilities of some of the older bureaus and offices were expanded.

2. The problem of securing coordinated application of action programs in the field and of interrelating their work with that of the older bureaus constituted a serious and difficult administrative problem.

a. The 1938 reorganization constituted one of many attempts to solve this problem.

II. Possibility of adapting the Department's administrative machinery to war in 1941 as contrasted with 1917.

A. Department's marketing machinery organized in the 1930's was ready for lend lease purchasing.

B. The Department's knowledge of production capacity as a result of the development of its estensive field organization and of its research organization in 1941 was in marked contrast with that of 1917.

C. The Department had a field organization capable of quickly reaching every farmer.

D. The Department had an Ever Normal Granary Organization which controlled directly large carry-overs of the basic crops.

III. Department's immediate role at the outbreak of World War II was less clear than at the outbreak of World War I.

A. The need for an intensive campaign to increase a clearly inadequate food supply was undisputed in 1917.

1. Plans for the Department to control marketing and distributing establishments were abandoned with the establishment of the Hoover Food Administration.

B. Department's attention was still focused on the surplus problems of the depression period at the time of our entry into World War II.

1. The surplus problems had been accentuated by the war's initial curtailment of exports.

2. Confidence in adequate agricultural supplies gave early confidence that rationing, price-control, and other regulatory measures involved for industrial supplies would not be necessary for food.

* * * * *

FACTORS RELEVANT TO REORGANIZATIONS FOR WAR

Part I. Relevant Factors

I. Need to achieve recognized organizational objectives.

A. Principles announced as guides by Wallace in 1938 reorganization applied primarily to production programs of the Department.

1. Farmer participation in forming and executing programs.
   a. General agreement on principle but disagreement as to method particularly in relation to program execution.
      (1) Disagreement on farmers' role in administration.
         (a) Particularly questioned was AAA's use of farmer administrators at Washington level.
            1. Vested interests prevent serving public interest?
            2. Qualifications in terms of aptitudes, training, and experience?
            3. Danger from close alliance between farmer administrators and private farmer pressure group?
      (2) Defenders of farmer administration called it major step toward economic democracy.
   b. Department's increasing responsibility for food distribution raises the problem in later reorganizations of food trade participation in planning and administering Department's programs.

2. Seeking administrative alignments under responsible administrators.
   a. Problem of functional organization at the Washington level.
      (1) Difficult to coordinate work of agencies and bureaus.
         (a) Origin of bureaus and agencies without reference to over-all plan.
            1. Action agencies set up by piece meal legislation.
            2. All except AAA had origins outside Department.
               a. AAA occupied semi-autonomous position due to special circumstances.
         (b) Agency relationships to particular interest groups.
         (c) Agencies encouraged to make own contacts with Congress.
         (d) Strong Administrators tended to impress own philosophy on agency programs - greater loyalty to agency than USDA.
            1. Tendency most apparent when Secretary's office is staffed with less dominant personnel.

(2) Agency examples of obstacles to functional coordination.
(a) AAA became identified with interests of large commercial farmers.
(b) F.S.A. identified with interests of tenants and subsistence farmers.
(c) Claims made that SCS was interested in soil conservation as end.
(3) Resulting need for strong overall research and planning.

b. Problem of securing unified field administration.
(1) Involves selection of most effective areas for field administration.
(a) Traditional approach has been made through the states.
(b) Complicated by tendency of new agencies to use regional organization.
1. Made for friction with Extension Service and others - fearful of federal domination.
2. Regions not co-extensive.
a. F.S.A. and SCS also had district organizations challenging county lines.
(c) General problem of federal-state relations involved.
(2) Rivalry between Department agencies.
(a) Intensified by agency alliance with pressure groups.

3. Land use as a basis for continuing Department coordination.
a. Interpretation of term land use.
(1) Broad interpretation of term by Secretary Wallace.
(2) Emphasis on production phase of Department program.
b. Land use by itself not enough - objective goal needed to include distribution as well as production phases of Department's program.
(1) Occasion of 1938 reorganization (as related to Mt. Weather Agreement) led formulators to overemphasize land use.
(2) Major obstacles to effective organization have continued in production phases of Department's program.

4. Concept of the Secretary's office.

B. Subsequent elements not recognized overtly in formulation of principles guiding reorganization.

1. Need to adjust Department objectives and programs to the nutritional needs of the population.
a. War with lend lease programs accentuated need.

2. Need to focus attention on rapidly rising farm labor problems.
   a. S.T.F.U. recommended Department of labor should represent farm laborers.

3. Need to consider international aspects of the nutrition problem.

II. Stimulus of outside pressures on reorganizations.

A. Influence of the Farm Bureau and of the Land Grant Institutions.

1. A.F.B.F. probably most potent of the farm organizations.
   a. Strength related to Extension tie-up.
      (1) Development of relationship.
         (a) Stimulated by AAA and other programs.
   b. AFBF began mild stand against independence of action agencies in 1936.
      (1) A.F.B.F. urged Extension to take a stand at Land-Grant College meeting.
         (a) Discussed with Department and joint committee set up to study relationships.
      (2) In 1937, O'Neal recommended farm tenancy program should be administered by Extension.

B. Influence of the Farmers Union and the Grange.

1. Influence of Farmers' Union and Grange on Department organization slower to develop.
   a. By protests against Extension - Farm Bureau tie-up a somewhat counterbalancing influence.

C. Congress and congressional committees a continuous extra departmental influence.

1. Prior generous grant to Department of powers and duties to be exercised as the Secretary saw fit.

2. Critical trend toward Department organization since 1938.

D. Political parties.

E. Food trade.

III. Difficulty of adjusting depression-born agencies and policies to war.

A. Must be considered in the setting of an atmosphere of surplus.

B. Agency examples with emphasis on bargaining power for specific markets.

1. Particularly noticeable in slowing down AAA's adjustment
   a. Some Department administrators saw need to change to incentives.
      (1) Prevented by pressures within and outside AAA.

2. S.C.S. slow to adapt.
   a. Religious zeal for soil conservation as an end in itself.
      (1) Continued intensive work on individual farms and districts.

3. Research agencies.

IV. Pressures for the establishment of an independent Food Administration developing after the war period.

A. Conditions differing from World War I (Freshness of World War I experiences).

1. Department activities and organization.
   a. Extension in marketing field.
      (1) Food stamp program.
   b. Extension of field services organization.

B. Department's relation to the food trade.

1. Natural suspicion of farmer orientated department.

2. Capitalization on confidence won through food stamp program and relations of Secretary's office.

C. Department's preparedness to purchase for lend-lease.

* * * * *

Part II. A Chronological Account of the Department of Agriculture's Organizational Developments

I. The 1938 Reorganization.

(Necessitated by the inter-dependence of the large number of new action agencies)

1. Work reached directly down to individual farmers with programs needing coordination among themselves and with state and local policies.

A. Mt. Weather Agreement (July 1938)

1. Objective to relate the respective responsibilities of the Department action agencies with state and county extension services of land-grant colleges.
   a. Culmination of two years of conferences between Department and Land Grant College committees.
   b. Probable desire to use the situation for administrative coordination within the Department and of the field services.
   c. Awareness that national adjustment of prices and markets involved the best use of land.
      (1) Had for first time intensive knowledge of land-use-further given meaning by program planning.

2. Provisions of the Mt. Weather Agreement.
   a. Department to continue administering action programs from Washington.
   b. Department to cooperate with Extension in jointly setting up state and county land use planning committees.
      (1) State Extension Service to take initiative in setting up land use committees as sub-committes of County Agricultural Program Building Committees.
         (a) Community land use planning committees.
      (2) No authority given to committee to issue orders or supervise work of agencies.

3. Objectives of land use planning.
   a. Democratic participation of farm people in planning action programs.
   b. Adaptation of national resources, policies, and program to varying local conditions and problems including need of retiring substantial quantities of sub-marginal land from agricultural use.
      (1) Related to Taylor Grazing Act.
   c. Coordination of bureau and division activities into one broad program.
   d. Coordination of Federal, State, county and local action on agricultural problems.

4. Comments on land use planning concept.
   a. Neal Gross' Criticisms.
      (1) Weak base because people whom land use planning was supposed to serve never understood it.
         a. Leaders relied on an administrative organization rather than creating a spirit of self-help in the community.
      (2) Failure to select strategic and tactical areas and personnel for exploratory work.
   b. Effected by unevenness of Extension Service experience and interest.
   c. Congress prohibited land use planning before enough time had elapsed for an adequate trial.

B. General reorganization (October 1938) related to the Mt. Weather Agreement.

1. Objectives.
   a. Announced objective to group all action administration around a single core of program planning.
   b. To reduce AAA to a manageable status.

2. Important structural changes.
   a. Changes in Secretary's office.
      (1) BAE reconstituted as a general planning and research agency.
      (2) Agricultural Program Board estalbished.
         (a) Function to review and evaluate all plans developed by BAE and to survey all land use activities of the Department.
      (3) Office of Foreign Agricultural Service of BAE transferred to the Secretary's Office
      (4) Role of the Office of Land Use Corrdination
   b. Consolidation of marketing work.
      (1) Organized under a Director of Marketing and Regulation.
         (a) Hoped by this and O.L.U.C. to achieve functional staff coordination of major functions. Staff coordination of research activities already sought through Director of Research.
      (2) Removal of marketing and planning from AAA began progressive limitation of AAA functions
   c. Action phases of 5 physical land use programs placed under management of SCS

3. Coordination of department field program left largely dependent upon the success of land use planning.

II. With the coming of war -- in Europe, Organizational changes and suggestions related to the development of food administration authority Sept. 1939-April 1941.

A. Organization of the Secretary's Agricultural Advisory Council.

1. Objectives
   a. Stated objective "to assist in the formulation of policies to deal with the situation brought about by the outbreak of war in Europe."
   b. Probably the primary objective was to provide for mutual cooperation between the Department and the trade in event a food organization should be considered necessary.

2. Actions of the Council
   a. Sub-committee on food organization.
      (1) September meeting with the President, with assurance that responsibility for food distribution and production belonged with the Department
      (2) Organizational plans prepared by a task committee rejected by the Council.
         (a) Plans prepared by trade representatives focused on voluntary control of prices.
            1. Farm organization representatives objected.

3. Dissolution of the Council.

B. Early war food organization proposals developed within the Department.

1. Inter-bureau committee headed by Milo Perkins appointed to consider plans in field of production, processing and distribution to meet a possible extreme emergency.
   a. Sub-committee report of November 1940.
      (1) Problems to assure orderly marketing and prevent scarcities of supplies of particular foods and local scarcities.
      (2) Recommendations.
         (a) Director of marketing should coordinate all Department activities in that field.
         (b) Department should be given licensing power over food industries although every effort to prevent profiteering through voluntary cooperation should be made.
         (c) Food stamps in reverse could be used if rationing is necessary.
   b. January 30, 1941 memorandum from Perkins, apparently supplementary to the committee's report, listed legislation in preparation to provide following discretionary powers.
      (1) To the President - To require licensing of food handlers and to issue regulations to prevent hoarding, speculation, and profiteering.

(2) To the President - To release restrictions on imports.
(3) To the Secretary - power to utilize purchase and distribution facilities of S.M.A. to maintain orderly marketing.
(4) To the Secretary - power to restrict widespread price fluctuations due to excessive speculation on the commodity exchanges.

(Fall of France -- Establishment of N.D.A.C.)

C. Agricultural Division of the National Defense Advisory Commission.

1. The Agricultural Division, as a part of the Commission, was given a broad assignment of advisory responsibility as distinguished from operations.
   a. Reliance upon Department specialists.

2. Organization of the Division.
   a. Rural Labor and Plant Locations.
   b. Foreign Trade.
   c. New Uses for Farm Products
   d. Economic Analyses and Program Planning.
   e. Agricultural Chemicals.
   f. Rural Youth Training.
   g. Food Supply.
      (1) Functions of this section most concerned the Department.
         (a) Survey present supply of farm products and processing and distribution facilities.
         (b) Estimate probable requirements under possible defense and war situation.
         (c) Anticipate special commodity problems.
      (2) Work of Supply Section carried out by 14 inter-departmental commodity committees.
         (a) Department of Agriculture specialists were active.

3. With breakup of N.D.A.C., into operating divisions (with establishment of O.P.M. January 1941 and O.P.A.C.S. April 1941) and the developments of support for lend-lease, Davis concentrated attention on plans for a food organization.
   a. Potential pressures to give Office of Food Supply operating responsibilities.
      (1) Farm organization support probable.
         (a) Farm Bureau reported to favor Davis' appointment if food administration created.
         (b) Taber of the Grange urged central authority be given Davis in a letter to the President.

(2) Considerable food trade support probable

(a) Davis personal popularity with trade
(b) Favor temporary agency which would be discontinued after war

b. February 1941 plans for an Office of Food Supply

(1) Functions
(a) Formulation of policies to increase production where shortages were anticipated
(b) Formulation of plans for allocation
(c) Study of requirements for machinery, equipment, fertilizer, etc.
(d) Making of price studies
(e) Studies to determine extent to which food might be used as an economic weapon and for post-war rehabilitation
(f) Administration of all items of food covered by future lend-lease legislation
(2) Location of office
(a) Within O.E.M. coordinate with O.P.M. and reporting directly to the President
1. Utilize services of Department of Agriculture

4. Davis, urged the President to establish an Office of Food Supply as a nucleus for a Food Administration

a. Three suggested alternatives for location

(1) In O.E.M.
(2) In Department of Agriculture
(3) Department with officially defined relationship to Agricultural Division of N.D.A.C.

b. Recommended that it be established in the Department under an administrator

c. President's reply (drafted in USDA) in effect rejected the proposal

(1) Instructed Secretary to take whatever steps necessary to assist the British
(2) Broad survey inadvisable
(a) Information complete on few commodities wanted by British
(b) Might cause alarm
(3) No need at that time for an Office of Food Supply or a Food Administration (Due to Davis identification with Farm Bureau and relation to the election?)

5. Transfer of Agricultural Division to the Department of Agriculture May 5, 1941

III Outside pressures for organizational change within the Department exerted in 1940 and 1941

A. Farm Bureau's program for reorganization

1. Began campaign December 1940 to secure coordination of all national farm programs at the State and county levels through the Extension Service

a. Did not credit land use planning committee with coordination

2. Coordination of action programs at the national level by an independent Federal board

a. Function of National Farm Authority to administer action programs of the Department

(1) Secretary might serve ex-officio as chairman

3. Extension Service never took a clear-cut position on the proposed acquisition of new responsibilities

a. Land Grant College Association in 1941 divided on the issue

(1) Position of State directors varied markedly

B. House Sub-committee on Appropriations

1. Reflected pressure of the A.F.B.F.

2. March 1941 report stated committee impressed by overlapping and duplication

a. Cited farm and home management work of F.S.A.

b. Land use planning work of BAE singled out

3. Report stated that responsible Department officials were expected to study situation and make recommendations

a. Department made an intensive survey of administration at the county level

C. Appraisal

1. Apparently unrelated to urgent necessity to adapt Department policies and organization to war and defense situation

2. Relation to the political situation - temper of Congress

IV Changes in the Department's Defense organization prior to Pearl Harbor

A. Office of Agricultural Defense Relations May 5, 1941

1. Problem of coordination of Department programs for defense - Role of OADR

a. Relationship to the BAE as general planning agency for the Department

b. Relationship to the Office of Land Use Coordination

c. Relationship to the Department's Program Board

d. Relationship to coordination of field programs

(1) Should OADR be given a field staff?

2. Functions of OADR limited to:

a. Liaison work with specified war agencies

b. Collection of information on defense activities of Department agencies

B. Defense Field Organization (Farm Organization Committee for Defense appointed August 1941, became inactive April 1944)

1. Special Committee on Organization considered some alternatives for field organization

a. Agreed on straight line organization as ultimate objective but were confronted with practical difficulties

(1) Relationship to State and county extension services
(a) Independence would involve some duplication
1. Arouse farm organization and congressional opposition
(b) Agreement Extension could not be used
1. Responsible to State institutions
2. Alignment with Farm Bureau
(2) Problem of financing a straight-line field organization
(a) Cost estimated between $17 and $19 million

b. Possibility of using land use planning committees rejected
(1) Dependent upon extension leadership
(2) Planning groups not administrative groups
(3) Inactive in a large number of counties

c. Possibility of using AAA committees considered
(1) Feared AAA would become unmanageable at the Washington level
(a) Result in purge of career men
(2) Department lacked direct control over State and county AAA associations

2. Defense Boards composed of State and county representatives of Federal agencies established July 5, 1941

a. AAA chairman designated as chairman of the defense boards

(1) Only agency with money and other facilities in fluid condition
(2) Close relationship of defense field work to production activities of AAA

b. Delimitation

(1) Chairman was not given authority to require cooperation from other agencies
(2) Priority was not definitely given to defense work - as compared with regular work of agencies

c. Functions as defined in Secretary's Memorandum

(1) Arrange cooperation with other defense agencies
(2) Arrange for maximum cooperation of all Department field personnel in defense undertakings
(3) Report to the Secretary field problems and developments

d. Servicing of State and county defense boards was assigned to the AAA administrator

(1). Defense Board Services Section was established

V Reorganization of the Department Following Pearl Harbor (Secretary's Memo #960 & E.O. 9069)

A. Objectives of the reorganization as defined in Secretary's Memorandum

1. To centralize responsibility for the Department's programs at the Washington level

a. To center research activities of the Department upon war needs

b. To enable the Department to meet all increased duties and responsibilities with greater efficiency and economy

2. To move toward a reduction in the number of Department agencies in the field which farmers must contact

a. To produce abundantly without soil waste or destruction

B. Structural changes to realign functions under group administrators

1. Six scientific bureaus, Office of Experiment Stations, Beltsville Research Center grouped under ARA Administrator

2. AAA, SCS, FCIC and Sugar Division were grouped under an ACAA Administrator

3. Agricultural Defense Board formed to replace the Agricultural Program Board

a. No attempt indicated in memorandum to relate the Defense Board work or organization to OADR or to War Board Services Division of AAA

(1) February 25 - War Board Advisory Committee established
(a) February 25th Memorandum suggested desirable agency representatives appointed to work with OADR be same as members of War Board Advisory Committee
1. Provision for War Board Secretary to attend OADR meetings

b. On the field level minor changes were made shortly following the Secretary's December Memorandum in the State and County Defense Boards

(1) Name changed to War Boards
(2) Functions redefined
(a) Further extension of food and fiber production programs
(b) Handling problems arising out of war priorities on materials
(c) Shortages of labor material and machinery
(d) Gathering specified agricultural information
(e) Cooperation with other defense agencies' programs
(3) Chairman was not given authority to supervise but State Chairman was to report lack of cooperation to the Secretary
(a) AAA assumed major responsibility for work in most cases (See July 1, 1943 memorandum Malone to Platt)
1. Focal point for much inter-agency jealousy
a. Some State Extension Services critical of War Board organization
(4) February 11th Memorandum of Secretary defining Extensions wartime job discussed relationships with the War Boards
(a) Land-Grant College officials protested against Secretary's Memorandum

V. A. Relations with OPA under Emergency Price Control Act of June 30, 1942

VI Development of Pressures for Food Administration Authority October 1941 - June 1942

A. Department of Agriculture

1. Department's apparent lack of interest in the early period of Wickard's Secretaryship

a. Feeling Department was so well prepared that regulation would be unnecessary
b. Hesitation to add new responsibilities to the Department's complex and unwieldy organization

(1) Lack of immediate inter-relationship between new regulatory war functions and Departments prewar objectives might subject Department to criticism of special interest groups
(a) Lend-lease buying fitted in with Department's prewar objectives
(b) Secretary Wickard in his October 1941 testimony on Price Control Bill did not ask for authority over prices
(c) Herbert Hoover first testified that Department should be given price control as well as a general food administration authority
1. Described changes in Department's functions since the last World War period

(Following Pearl Harbor)

2. Secretary's request for price control authority January 2, 1942

a. Secretary justified his reversed position by U. S. entry into the war

b. Probably related to the OPA's December fats and oils ceiling

c. The President - in a January 7th telegram to Barkley - took a firm stand against the division of price control authority

3. Relations with OPA under Emergency Price Control Act of 1942

4. Department's requests for additional authority after the establishment of the War Production Board, January 24, 1942

a. War Production Board was given sweeping authority over all procurement and production
b. Recommendations for additional authority over requirements, allocations, imports, etc., to cope with fats and oils crises

(1) Draft of Inter-Bureau Committee Report recommended establishment of a food administration within the USDA

5. Proposed executive order drawn up by Budget, British Food Mission and USDA to centralize th acquisition and distribution of foods within the USDA

a. Budget Bureau exerted little pressure for acceptance

b. Apparently turned down by Hopkins following consultation with Nelson

(1) Neither President's executive offices or WPB seemed concerned with possibility of a critical food situation
(a) WPB Food Branch had little authority

BB B. Food Trade pressure for a food organization

1. Clarence Francis, President of General Foods Corporation, was an early advocate of a single food administrator

2. Paul Willis, President of Associated Grocery Manufacturers of America, urged the creation of a food administration April 27, 1942

3. Perkins was apparently the favorite food trade candidate

C. WPB Food Branch's plans

1. Immediate stimulus was provided by problem of dividing rationing responsibility with OPA

2. Agreed on proposal for a separate food administration because of Nelson's lack of interest
a. Assumed that Nelson already had the authority to establish the organization
3. Food administration plan modeled after Hoover's food organization
a. Authority to include: price control, rationing, procurement

(1) Department was to serve as a research and fact-finding agency

VII Inter-Departmental and Inter-Governmental Food Organizations established June 1942

A. Food Requirements Committee established by Donald Nelson as a compromise solution to food administration pressures June 4, 1942

1. Planning for and agency reactions to the establishment of the committee

a. First proposals were for an inter-departmental committee as a sub-committee of the WPB Requirements Committee with a WPB Chairman

(1) Department was to be represented and given additional authority

b. April 22nd draft was criticized by a number of the agencies concerned

(1) Secretary Wickard protested

(a) Final determination should be made by WPB chairman rather than Requirements Committee

1. As member of sub-committee of Requirements Committee, Department's views might only be further subordinated
(b) Need to give the Department additional procurement authority
(c) Needed clarification on division of production authority between the USDA and WPB at stage of first processing
(2) Townson of WPB's Food Branch protested:
(a) Would not solve problem of divided authority
(b) Division of production at stage of first processing only lead to further confusion between WPB and USDA
(c) No provision for action on labor, distribution, storage, containers, transportation and nutrition
(d) Disapproved of Wickard for chairman
1. Vice-Chairman should be able to devote full time to work
(e) OPA should be represented
(f) Recommended instead establishment of an independent food administration
(3) Brand of British Food Mission protested:
(a) Did not give enough authority to Secretary of Agriculture
(4) Leon Henderson of Civilian Supply protested:
(a) Interfere with Civilian Supply's complete authority over civilian food allocations
1. No need for other WPB divisions to be represented on FRC

2. Establishment of Food Requirements Committee by Nelson's June 4 Memorandum

a. Interdepartmental committee

(1) Three representatives from WPB
(2) Representatives from 5 governmental agencies in addition to Agriculture
(3) Chairmaned by Secretary Wickard

b. Functions of the committee:

(1) Determination of direct and indirect military, other governmental, civilian and foreign requirements for food and agricultural materials
(2) Recommendations to WPB Requirements Committee for materials

c. Relations to WPB organization

(1) Requirements Committee
(a) Disagreements between committees over food and non-food materials and over critical materials to be resolved by Chairman of WPB
(2) Division of Civilian Supply
(a) Allocations within categories of civilian food uses to be made by Civilian Supply

(3) Division of Materials and of Industry Operations
(a) To have responsibility for later stages of food production except for lend lease foods where USDA was to have complete responsibility

d. Comments on Food Requirements Committee type of organization

(1) Administrative anomaly
(a) Effectiveness seemed dependent upon strong backing from WPB chairman to prevent delays and over-ruling of decisions within the WPB organization
(b) Secretary under disadvantage of having to get agreement from a cumbersome 9-man committee weighted with WPB representatives
(2) Problem of securing confidence of food trade representatives
(a) Food Field Reporter reported disappointment and skepticism

3. Food Requirements Committee related to the Department's work by the assignment of staff functions to the Department of Agriculture

a. Office of Agricultural War Relations

(1) Name of OADR changed to OAWR and Secretary's first assistant appointed vice-chairman to relate the work more directly to Secretary's Office
(2) OAWR's director, associate and assistant directors designated as vice-chairman, executive officer, and secretary of the FRC
(3) Food distribution man, Dan West, appointed assistant director of the OAWR
(a) Appointment of a food distribution man was recommended by President of Cooperative Food Distributors of America

B. Combined Food Board established on June 9, 1942

1. Composed of Head of British Food Mission and the Secretary of Agriculture

2. Objective to coordinate further the war effort by a planned utilization of food resources of United Nations

3. Staffed by the Office of Foreign Agricultural Relations

a. Director of OFAR designated as executive officer

b. Memorandum of understanding to relate staff work of OAWR for Foods Requirements Committee to that of OFAR for the Combined Food Board

(1) Memorandum provided that all Combined Food Board dealings with U. S. should be through the Food Requirements Committee

(a) Memorandum provided for a complete and continuous exchange of information between the organizations

C. Dissatisfaction with and suggestions for improvements of the operations of the Foods Requirements Committee in its determination of requirements for food and recommendations of requirements for materials

1. Determinations of FRC questioned and delayed within the War Production Board

a. Division of Civilian Supply held itself responsible for determining the relative importance of agricultural needs as against other uses for critical materials

(1) Wolcott, Assistant OAWR Director, suggested lump-sum allocations to the Department as a solution
(a) Agreement was not reached and problem further aggravated when Civilian Supply was made claimant agency for Department of Agriculture under "Controlled Materials Plan
1. Secretary's Office protested food production needs should be considered in competition with military and not those for ordinary civilian consumption
(2) Major policy disagreement over production and repair of farm machinery for 1943
(a) Disagreement taken to the President

b. Determination of reservation order for dried fruits and salmon held up while Foods Branch and Civilian Supply worked on a policy statement to govern such orders

(1) Secretary Wickard considered this a direct challenge to the authority of the FRC

VIII Dissatisfaction with the Foods Requirements Committee was accompanied by renewed pressures for further centralization of food authority

A. Department of Agriculture officials expressed a need for additional and more definite authority

1. Secretary's August 28th letter to Rosenman proposing a "parity stabilization plan" emphasized need for clear-cut and sharply-defined authority

2. Cassels of OAWR pointed out means of translating decisions of FRC effectively into action was missing and felt publicity should be given to Wickard as a food statesman to hasten an increased concentration of authority in his hands

3. Wolcott concluded that Mr. Wickard's authority would be sufficient if to it were added authority over the allocation and conservation of foods and over policy determinations for rationing

a. Concentrating further powers in any food authority would necessitate a drastic realignment of the entire government war organization

4. Executive order to give the Department control over the Nation's Food Program submitted to the President

B. Food Trade pressures

1. August Food Field Reporter recommended that FRC committee be made to function or be entirely eliminated

2. National Association of Retail Grocers in a September 17th telegram urged a study of the food situation by a committee similar to the Baruch Committee
   a. Stated chaos resulting from division of authority in opinion of food industry threatens complete collapse of civilian supply

3. Paul Willis, President of Grocery Manufacturers of America, again urged appointment of a good administrator September 29
   a. Stated industry had suffered because of lack of a food administration set-up

C. Congressional dissatisfaction with food and farm programs

1. Apparent disagreement between Wickard and Nelson over seriousness of food situation brought out before a House Sub-Committee on Agriculture
   a. Nelson's September 21st speech emphasized adequacy of food supply
   b. Wickard's September 23rd testimony predicted a food shortage if farm labor and other production problems were not dealt with satisfactorily

2. Committee members insisted that WPB had not had adequate agricultural advice
   a. Stated that Wickard as FRC chairman had not fought in defense of agriculture

D. Donald Nelson began to give serious attention to the food problem

1. Appointed M. Lee Marshall as special food consultant September 14th

2. Testified at House Committee on Agriculture hearings that there was need for further centralization of the food problem in one agency

3. Reported that Nelson submitted an executive order to the President in October providing for a food coordinator responsible to the WPB.

a. Wickard objected to the President to all intents and purposes a Food Administration has already been set up - power to issue orders for allocation, reservation and rationing should be transferred from WPB to Secretary. (Have Brynes and Harold Smith study matter)

E. Office of Economic Stabilization established October 3, 1942 by Executive Order 9250 (Related to G.M.P.R. - with subsequent suggestion for food subsidies through CCC)

F. Summary of various pressures apparently exercising some influence on the centralization of authority for food

1. Those favoring the Department of Agriculture
   a. Herbert Hoover in repeated statements beginning as early as December 1941
   b. William Green endorsed the Secretary in October 1942 testimony before the Senate Education and Labor Committee
   c. National Farmers' Union in a November 1942 resolution endorsed the Secretary if a Food Administrator should be appointed
   d. Probably Brand of the British Food Mission because he favored continuance of current lend-lease arrangements
   e. Gardner Jackson reported to have used personal influence with White House Staff
   f. C.I.O. and Railway Brotherhoods in letters to White House
   g. Ohio Farm Bureau Federation

2. Those favoring the War Production Board
   a. Food Trade representatives
   b. Probably Bernard Baruch

3. Those apparently favoring the Office of Economic Stabilization working through the Department of Agriculture
   a. National Grange
   b. American Farm Bureau Federation

4. Those apparently favoring an independent food administration
   a. National Council of Farmer Cooperatives
   b. National Association of Manufacturers
   c. Prominent individuals favoring the appointment of Herbert Hoover

G. President's decision to delegate further powers to the Department of Agriculture something of a compromise between those who wished it attached to the Office of Economic Stabilization or otherwise headed by a political figure and those who wanted it in the Department of Agriculture

1. (Chester Davis was seriously considered and sounded out by V.P.)

2. Apparently the job was offered to Marvin Jones who declined to accept it within the Department of Agriculture

3. Marvin Jones was made agricultural adviser to the Economic Stabilizer and additional authority over agricultural policy was assumed by that office
   a. Office of Economic stabilization had been established with broad powers over prices, wages, subsidies etc. October 1942-had functioned in establishing policy over farm prices
   b. Authority both - tangible and intangible - broadened after Jones became adviser
      (1) January 15, 1943 the President designated Economic Stabilizer as his agent to settle any controversies arising between the Secretary of Agriculture and any officer or agency of the Government
      (2) Believed to be instrumental in initiating agricultural policy
         (a) Jones believed to have been responsible for Wickard's strong stand against Congress for incentive payments January 17
            1. Despite fact that House Appropriations Sub-Committee rejected program on February 15, Secretary continued to promote it
         (b) Reported that meat industry considered Jones, Washington point of reference not Wickard - felt Wickard needed strong deputy food administrator

IX Executive Order #9280 issued December 5, 1942

A. Authority given to the Secretary - "to assume full responsibility for and control over the Nations Food Program"

   1. Mandates given to the Secretary
      a. To ascertain food requirements for human and animal consumption: domestic, civilian, direct and indirect military, other governmental and foreign
      b. To formulate and carry out a program to provide an adequate supply for requirements including allocation of agricultural productive resources
      c. To assign food priorities and make allocations of food for human and animal consumption
      d. To take all appropriate steps to insure efficient and proper distribution of available food supply
      e. To purchase and procure food for such federal agencies as Secretary considers desirable and to promulgate policies to govern purchase and procurement of food by other federal agencies. (subject to special exceptions)

2. Limitations on the Secretary's authority
   a. As measured by Hoover's yardstick of authorities necessary for any food administrator the Secretary lacked sufficient responsibility in the following fields:
      (1) Prices
      (2) Rationing
      (3) Imports
      (4) Manpower
   b. Primary responsibility for transportation and the allocation of materials was also lodged outside the Department

3. Relations with other Government agencies as defined in Executive Order 9280
   a. Food Advisory Committee to replace the Food Requirements Committee
      (1) To be appointed by the Secretary from representatives of the following designated agencies and other agencies which the Secretary may determine:
         (a) State Department
         (b) War Department
         (c) Navy Department
         (d) Office of Lend-Lease Administration
         (e) Board of Economic Warfare
         (f) War Production Board
      (2) Functions of the Advisory Committee:
         (a) To advise on estimates of food requirements
         (b) To advise on the making of food allocations
         (c) Other functions which the Secretary may determine
      (3) Secretary may appoint other advisory committees composed of representatives of Governmental or private groups
   b. Differences of view between Secretary and heads of other governmental agencies to be submitted to President or designated agency.
      (1) Office of Economic Stabilization designated
   c. War Production Board and Board of Economic Warfare
      (1) Secretary appointed to membership on the War Production Board
      (2) W.P.B. personnel, property, records and funds concerned with exercise of authority delegated to Secretary by Executive Order #9280 to be transferred to the Department as determined by Director of the Bureau of the Budget
         (a) Gave Bureau of the Budget an opportunity to approve Department's organizational plans
         (b) As a result parts or all of the following unit and divisions were transferred
            1. Fats and Oils Section and Fertilizer Unit of Chemicals Division

2. Farm Machinery and Equipment Division
3. Food Section of Consumer Goods Division, Machinery Unit concerned primarily with plant, programs, and requirements relative to farm machinery, Containers Section concerned with farm and food containers of the Office of Civilian Supply
4. Food Division
5. Food Processing Machinery Section
6. Food Section of Procurement Policy Division

(3) Chairman of WPB to allocate stated amounts of non-food materials, supplies, and equipment to the Secretary after considering Secretary's recommendations
   (a) WPB through priorities and allocation powers shall divert use of such materials for specific purposes determined by the Secretary
(4) Any disagreements arising from attempted joint determinations of the division between food and industrial needs for food products to be determined by the President or his designated agency (OES later designated).
(5) Directives for imports
   (a) Secretary to issue directives (formerly issued by W.P.B. Chairman) related to importation of food for human and animal consumption to B.E.W.
   (b) Secretary and Chairman of WPB jointly issue directives related to importation of food for industrial uses

d. Office of Price Administration
   (1) Secretary must consult with Price Administrator before making determinations of time, extent, and other conditions of civilian rationing
   (2) Must exercise his priorities and allocations powers with respect to civilian rationing through the Office of Price Administration
      (a) Bureau of the Budget insisted that the administration of rationing could not be divided
   (3) No additional authority given to Secretary on price control
e. Office of Defense Transportation
   (1) Secretary after consulting WPB shall prepare schedules of priorities for the domestic movement of food for the consideration of ODT in event of a shortage of domestic transportation service

4. Evaluation of new authority given to the Secretary
   a. Intangible contribution to his authority through prestige gained from designation as food administrator useful in dealing with other Government agencies

b. More direct routes and authority for recommendations and directives to BEW and War Shipping Administration
c. New authority over priorities and allocation
(1) Some policy authority over rationing but severely limited by restriction that OPA should retain previous authority over rationing
(a) Subsequent delegations of authority to OPA apparently necessitated for practical operations
1. Byrnes and Rosenman sided against Wickard in interpretation of the executive order
d. Authority to determine requirements after receiving recommendations from advisory committee
e. Authority to procure and make policy governing food procurement of other government agencies

IX B. Structural changes made in the Department's Organization by the Executive Order

1. Food Production Administration built upon Agricultural Conservation and Adjustment Administration with the addition of:
a. FSA
b. FCA
c. Part of OAWR
d. Part of functions and organization transferred from WPB
e. Farm Management and Costs of BAE
f. OLUC except for administrative management functions

2. Food Distribution Administration built on Agricultural Marketing Administration with the addition of:
a. Regulatory activities of BAI
b. Part of O.A.W.R.
c. Part of functions and organization to be transferred from W.P.B.
d. Nutrition functions of Defense Health and Welfare transferred by Executive Order 9310 (issued March 6, 1943)

X Continuation of organizational changes in the Department following Executive Order 9280 until Davis period as War Food Administrator

A. Organization within the new administration, (F.D.A. and F.P.A.) established by Executive Order 9280

1. Limitations in the First War Powers Act as they affect agency consolidation
a. Limitations
(1) Little effect upon F.D.A.
(a) None of component agencies had been set up by statute
(b) No corporations involved

(2) Probably served as a deterring influence upon F.P.A.
(a) Component agencies set up by statute
(b) Corporations involved

2. Organization of the F.D.A.
a. Selection of the Director
(1) Selection of Roy Hendrickson as the Director
(a) Seemed obvious choice of men within the Department as head of largest of the consolidated organizations
(b) Apparently little consideration given to the possibility of appointing a food trade executive or other individual outside the Department
b. Administrative structure (Expand see Stone to Smith 1/9/43)
(1) Obliteration of agency lines
(2) Four Deputy Directors responsible for some twenty branches
(3) Requirements and Allocations Control Unit reported directly to the Administrator

3. Organization of the F.P.A. (Expand see B. of B. memoranda)
a. Parisius Period, (December 10--January 15)
(1) Selection of first director
(a) Selection of Herbert Parisius as first director subject to pressures from agencies and individuals both inside and outside the Department
1. Reported to have been influenced by Jackson who sold Parisius to members of White House staff on the basis of increased production of small farmers
2. Farmers' Union wrote to the President supporting Parisius, because of interest in securing increased production of small farmers
3. Reported to have been influenced by Byrnes who didn't want Bledsoe or Hutson
4. Reported to have been influenced by Solicitor Shields
5. Significance in timing of selection during A.F.B.F. convention in Chicago?
6. Selection of man whose background and views was little known to Congress or to large farm organizations and Land-Grant Colleges
(2) Organization plans submitted by Parisius to Wickard
(a) First plan to integrate regional, state, and county organizations with Baldwin heading up the field service

1. Legal plans by Solicitor to have all field organizations clear through committees except Extension
2. 9 regions chosen with F.S.A. personnel selected for most of regions

(b) First plan rejected by Wickard, December 19th because of choice of Baldwin to head up field but Secretary said to go ahead on field integration

1. On 28th Secretary reversed himself and said no to field integration until after planting (April)

(c) January 11th compromise plan presented to establish farm finance branch to consolidate F.C.A. and credit operations of F.S.A.

1. Secretary ok'ed but insisted F.C.A. man should head it Parisius proposed Jim Wells
2. On 12th Secretary insisted had to be Governor Black

(3) Parisius resignation - accepted January 15th

(a) Issues

1. Felt blocked in attempt to bring large number of small farmers into war production by more favorable credit terms, supervision, etc.
2. Boost food production goals by 20%
   a. Aid to marginal farmers
   b. Incentive type of AAA program
   c. Charged goals influenced by fear of post-war surplus
   d. Move farmers from relatively unproductive to more productive land

(b) Secretary's failure to delegate authority to organize Food Production Administration or to select F.P.A. Personnel

(4) Comments

(a) Influence of inter-agency jealousies

1. Choice of F.S.A. regions and F.S.A. personnel combined with lack of consultation with AAA leaders illustrates major organizational problems
   a. F.S.A. leadership tended to ignore major policy divisions within the AAA and fact that co-operation might have been secured from like minded AAA leaders
   b. Rumored that F.S.A. field people bragged they were to run the field set-up

2. Extension Service naturally interested in new field organization and critical of F.S.A.
3. F.C.A. or S.C.S. leadership was apparently not consulted

(b) Farm Bureau would probably fear such a field organization unrelated to Extension Services
1. Expressed opposition to regional type of organization
2. Criticized F.S.A. leadership

(c) Political opposition from groups defending "states rights" and special "crop interests" probable

(d) Secretary's failure to back Parisius may have been related to fact that his selection was influenced by contending pressures

(3) Physical inability of Parisius and Secretary to confer due to illness immediately following Parisius appointment

b. Townsend-Hutson Period (January 15, 1943-May 27, 1943).

(1) Selection

(a) Appointed associate director of Food Production Administration by the Secretary December 10, 1942

(b) Perhaps influenced by the Farm Bureau
1. Farm Bureau leader in Indiana
2. Nation's Agriculture commented favorably on the selection

(c) Personal friendship with Secretary and common Indiana background may have been a factor

(d) Perhaps due to some political strength by virtue of having served as governor

(e) Considered adept at public relations
1. Interpretation current that Hutson, Associate Director, would assume major authority for the internal organization and functions of F.P.A.

(2) Organization

(a) First Organization
1. No extensive changes in structure of agencies.
a. War Board Assistant to the Secretary position abolished and responsibilities formerly under AAA transferred to office of Director of F.P.A.
2. Six branches to be responsible for program planning established
a. Five to report to a deputy director in charge of program planning
b. Sixth to report to an associate director in charge of F.C.A. and Production Loans Branch

3. Two Associate Directors
   a. Associate Director serving as Executive Officer
   b. Associate Director in charge of F.C.A. and Loans Branch

4. Relationship between F.D.A. and F.P.A.
   a. Joint planning staff on requirements and production provided for by a March 8, 1943 Memorandum of Understanding
      (1) Planning Staff to be under the joint leadership of the Chief of the Production Programs Branch of F.P.A. and Chief of the Requirements and Allocations Control Unit of the F.D.A.

B. Establishment of the Agricultural Labor Administration (March 1, 1943 - April 17, 1943)

1. Organized as an attempt to circumvent pressures or as late attempt to secure a functional and coordinated farm labor program
   a. The Farm Bureau and members of House Appropriations Committee had expressed opposition to Farm Security handling of the program
      (1) Major Walker and F.P.A. Labor Branch associated with Farm Security Administration of the program
         (a) Townsend, Food Production Administrator, critically questioned about organization of Farm Labor Branch by House Appropriations Committee
   b. Reactions of Congress probably considered in selecting personnel
      (1) Selection of Wayne Darrow as administrator - probably largely due to his Extension Service background combined with an appreciation for the objectives and leadership handling the F.S.A. farm labor program
         (a) Darrow reported to be acceptable to Farmers' Union and Farm Security Administration
      (2) Assistants to the Director apparently carefully chosen with reference to Congressional reaction
         (a) Chosen from other Department agencies than the F.S.A.
            1. Teutsch was virtually drafted from the Oregon Extension Service and returned to it within a few weeks time
            2. Morrell had been in charge of Civilian Conservation Corps activities in the Department
            3. Mrs. Friant's husband has served as special assistant to Secretary Wallace in Charge of political patronage

2. Objectives and functions as defined by the Secretary
   a. To direct all phases of the farm labor program for the whole department
      (1) Allocate portions of jobs to other agencies
         (a) F.S.A. to transport interstate and international labor
            1. Budget estimate of $40,000,000 needed
         (b) Extension Service to recruit intra-state labor
            1. Budget estimate of $6,000,000 needed
         (c) War Board to assist
            1. Budget estimate of $110,000 or $150,000
   b. Agricultural Labor Administration to be directly responsible to the Secretary

3. A.L.A. discontinued before its organization or functions became stabilized
   a. Congressional opposition to Farm Security's Administration of Labor programs extended to A.L.A.
      (1) H. J. Res. 96 which passed House March 17th provided that the entire program should be administered by the U. S. and State Extension Services
         (a) Major portion of funds to go to State Extension Services
         (b) Provided for temporary apportionment of funds to F.S.A. for importation of Mexican Workers
   b. H. J. Resolution 96 followed closely recommendation of A.F.B.F.
      (1) Recommended entire responsibility for recruiting, transporting, and placing farm labor be placed in Extension Service
         (a) Congress should specifically exclude F.S.A. from any responsibility
         (b) Decentralized administration in the States
         (c) Prohibit standards etc.
      (2) Ogg of A.F.B.F. testified that he assisted in the writing of H. J. Resolution 96
      (3) National Council of Farmers Cooperatives, National Grange and Milk Producers Federation testified that the Secretary should be given responsibility for imported labor and Extension Service for program within States
      (4) M. L. Wilson, Extension Director, testified that the Extension Service should not be given responsibility for more than intra-state recruitment
      (5) Executive Committee of Land-Grant College Association in a resolution stated they were not seeking responsibility, but if will of Congress, would assume it
         (a) Telegrams and the testimony of some 18 State Extension Directors was used as evidence of

their willingness to assume responsibility by Farm Bureau representatives in testimony before Senate Committee

c. Congress delayed appropriations for labor until after Chester Davis became War Food Administrator on March 26, 1943
   (1) Davis set up his own labor office with lack of clearly defined relationship between it and A.L.A.
      (a) Darrow resigned April 17th and A.L.A. was discontinued

C. Department Line Agencies not included in the new administrations of Food Production and Distribution

1. Position of Commodity Credit Corporation (See Feb. 24, 1943 memo S.S. Sheppard to Donald Stone)
   a. Policy reversed concerning its functions (between December 10th 1942 and January 22, 1943)
      (1) December 10th Memorandum restricted functions to operations under policy determinations of F.D.A. and F.P.A.
      (2) January 22 Memorandum gave the President of the CCC responsibility for:
         (a) Originating some dockets and approving dockets originated in other agencies
         (b) Formulating and administering programs relating to purchase, storage and transportation of hemp and vegetable oil bearing crops
         (c) Some authority for the administration of programs relating to the foreign purchase and importation of food and food facilities
   b. Chairman of the CCC appointed to membership or chairmanship of new Department and inter-departmental policy committees
      (1) Member of Food Advisory and Domestic Transportation Committees
      (2) Chairman of Committee on Foreign Purchase and Importation

2. Agricultural Research Administration

   a. Minor changes were made within the A.R.A.
      (1) Regulatory functions of B.A.I. were transferred out of A.R.A. to F.D.A.
      (2) Bureau of Human Nutrition and Home Economics was formed from a consolidation of the B.H.E. and the Division of Protein and Nutrition Research of B.A.C. and E.
         (a) Competition with F.D.A. nutrition branch may have been one of the factors related to the reorganization

(3) Bureau of Plant Industry became the Bureau of Plant Industry, Soils and Agricultural Engineering with the transfer to it of the Agricultural Engineering divisions of the Bureau of A.C. and E. and the Effluent Contaminants and Chemical Weed Eradication Section of the Division of Agricultural Chemical Research of the B.A.C. and E.

(4) Remaining divisions of B.A.C. and E. were consolidated with the 4 Regional Research Laboratories into a Bureau of Agricultural and Industrial Chemistry

(5) Research functions of S.C.S. and F.P.A. were added to responsibilities of Administrator of A.B.A. in special capacity of Associate Director of F.P.A.

b. Relationships involving additional responsibilities of A.R.A.

(1) A.R.A. research facilities to be used by F.D.A.

(2) February 7, 1943 - cooperative arrangements completed for A.R.A. to carry on basic research for the army and navy

(3) Administrator officially designated as liaison officer between the Department and other public or private agencies with respect to all physical, chemical, nutritional, biological, engineering, and other research and developments.

(a) Two consulting committees were appointed to advise A.R.A. on food research problems

1. Composed of nutrition experts from the universities and a representative of the U.S. Public Health Service and Children's Fund of Michigan

2. Composed of research personnel from the food processing industry

3. Agencies not directly included in Department's major war organizations

a. R.E.A.

(1) Member only of Department's War Board

b. Forest Service

(1) Member of Department's War Board

(2) Member of Committee on Domestic Transportation

D. Status of staff offices and auxiliary services in the Department as they seem to have been affected by the reorganization

1. Direct Organizational Changes

a. Office of Information given further control over the information work of the various agencies

(1) Director of the Office of Information authorized to further direct, integrate, and coordinate all information activities of the several Department agencies

(2) Director authorized, subject to the Secretary's approval, to transfer information personnel and to assign duties to information personnel in the various agencies

b. Division of O.A.W.R. and O.L.U.C. discussed in previous section

2. Indirect changes in influence of staff agencies
   a. B.A.E.'s decline as a general planning agency
      (1) Apparent decline in leadership in the organization and functioning of inter-departmental and inter-bureau committees
      (2) Planning functions provided for within the new agencies
   b. Many liaison representatives of the Department attached to agencies rather than the Secretary's staff offices
   c. Reorganization a step in the trend toward weaker staff agencies apparent since 1941.
      (1) Typified by changing functions of Administrative Council-from management and planning to routine operations
      (2) All staff and auxiliary services seem to have weakened with the exception of the Solicitor's Office

3. Potential mitigation of trend toward weaker staff agencies during Wickard's period as Food Administrator
   a. Reconstitution of O.A.W.R. on a smaller basis
      (1) Shift of Material Control Officer from Agency representative to Department representative
   b. Inter-agency committees
   c. Secretary's use of individuals in a staff capacity

XI Renewed vigor of external pressures on the Department's organization as reflected in Congressional action and in organization and individual testimony related to the Departments appropriations for 1944.

A. Related to complex and inter-related political, social and economic factors

1. Growing and increasingly overt resentment of executive powers
   a. Political opposition to the Administration strengthened as a result of Congressional election of 1942 and in anticipation of 1944 Presidential election
   b. Congressional committees given authority to investigate Department Administration
      (1) February 11, 1943 House Resolution 102 - special committee to hear complaints that any agency of government has exceeded authority
      (2) February 11, 1943 House Resolution No. 69 authorized committee on appropriations and its subcommittees to investigate organization and operation of executive departments and agencies
         (a) March 11 Department investigation of North Central AAA authorized as result of March 9 request from Sub-Committee of Appropriations Committee
      (3) March 18, 1943, H. Res. 119 created House Committee to investigate activities of FSA
      (4) Summer of 1943 Senate Agricultural Sub-committee set up to investigate REA
      (5) Appointed Spring of 1943 Sub-Committee of Senate Military Affairs Committee (Kilgore) held executive hearings on the food situation
      (6) Others
         (a) Byrd Economy Committee
2. Congressional and farm organization drive for higher farm prices
   a. Opposition to subsidies in lieu of a "fair price"
      (1) Opposition to parity and crop adjustment payments because they were interpreted by Administration as a part of price in imposing ceilings
   b. Opposition to selling government stocks at less than parity
3. General confusion over seriousness of the food situation and its relationship to the total war program
   a. Disparity between Extension Services' survey on intentions to plant, AAA work sheets and BAE's regular intentions to plant report
      (1) Extension Service questionnaire drawn up by Senator Bankhead
   b. Hoover, Bromage and other prominent individuals prediction of a crisis

c. Farm organization prediction of a crisis
d. Food trade spokesmen's prediction of grave shortages

4. Opposition (political and special interest) to government measures for advancing relative social and economic status of small farmers and farm laborers
5. Fear of war changes in crops and labor standards which might prove deterimental to special regions and products in a postwar economy
6. Fear of growing centralization of government power
   a. Business fear of government competition and regulation in food distribution, credit, insurance
   b. State institutions jealous of authorities and prerogatives
   c. Economy move to decrease government expense
   d. Fear government controlled farm organization might emerge from Department field agencies
   e. Special interests favor state and local administration because it is more amenable to control

B. Testimony before the House Committee and action of the House on the 1944 Appropriation Bill

1. Influence of farm organizations
   a. American Farm Bureau Federation - the most potent
      (1) In February 12th testimony before House Appropriations Sub-Committee urged Congress to enforce its rightful authority and prevent its usurpation by the Executive
         (a) Secretary as Food Administrator can't escape responsibility to adjust support prices high enough to get adequate production
            1. Incentive payments contrary to spirit, intent, and letter of laws made by Congress
      (2) 1942 Convention resolution charged that over lapping of functions and lack of coordination of effort among governmental agencies was hampering the war effort
      (3) Organizational recommendations made to House Sub-Committee
         (a) Abolish regional offices outside of Washington
            1. Increase cost and tend to weaken authority and participation of State agencies
         (b) Discontinue all special information sections in Department bureaus and agencies and assign all Washington information work to the Office of Information
         (c) Assign all informational, educational and promotional activities in states and counties to agricultural extension services

1. All educational, informational and promotional work of AAA assigned to Extension
2. All educational and service functions including farm and home management service of FSA assigned to Extension Service

(d) Further Reduction of FSA program and organization
1. Reduce appropriations for rehabilitation loans at least one half
2. Transfer administration of farm tenancy program to FCA

(e) Further reduction of AAA program and organization
1. Reduce AAA appropriations from 500,000,000 requested by Dept. to 300,000,000 and restrict use to soil conservation payments
2. Reduce administrative expenses at least in proportion to reduction in appropriations
3. Restrict activities of employees and committeemen to administration
a. Specifically objected to campaign of North Central AAA for incentive payments and against Pace Amendment.
1. Charged insulting and misrepresenting statements made about Farm Bureau and Congress

b. National Farmers' Educational and Cooperative Union
(1) In March 12 testimony recommended faster change in Department's organization toward one single production agency
(a) Necessary conditions for unification of agencies
1. Unchallenged federal control
2. Local activities must be carried on to a larger degree than present by farmers through official committees
a. Recommend more farmer committeemen
(b) Objectives
1. To secure prompt action on local needs and on national decisions
(2) General approval of Budget Bureau estimates of funds for administration of the Department of Agriculture

c. National Cotton Council
(1) Resolution opposing continuous expansion of bureaucratic regulation as jeopardizing democratic form of government

(2) Resolution recommending future activities of FSA be restricted or preferably that worthy features of program be transferred to other Department agencies
(a) Report on "painstaking and thorough investigation" of FSA
1. Practices contrary to fee simple ownership of farms

2. House Sub-Committee on Appropriations report on Agricultural Appropriation Bill
a. Recommended drastic reductions from the Budget estimates ($240,093,647)
(1) Tarver testified estimates more serverly out below Budget estimates than any supply bill enacted for any of the departments since a Budget was established.
b. Recommendations directly affecting Department organization
(1) AAA
(a) Limited administrative expenditures of all kinds to 50% of previous year
(b) Per diem of county committeemen limited to 100 days a year and of community committeemen to 25 days a year
(c) Educational and informational activities to be carried on through Extension Service
1. Abolition of informational services at regional, State, and county levels
(2) FCIC
(a) Recommended abolition of agency's entire program
(3) SCS
(a) Recommended cut of $100,000 in administration expenses
(4) REA
(a) Reduction of $425,000 in administrative expenses
(5) FCA
(a) Elimination of RACC loans
(6) FSA
(a) Transfer of loans and rural rehabilitation, and tenant purchase program to FCA

1. Severe reduction in administrative funds for both rehabilitation loans and tenant purchase program
2. Abolition of regional offices

c. Testimony concerning influence of the Farm Bureau on the Committee report
   (1) Tarver testified
      (a) On April 16 that Committee had not followed AFBF recommendations in toto -- thinks only one AFBF recommendation not adopted by Committee
      (b) AFBF engaged in an effort to turn over as much as it can of Department activities to Extension
   (2) Burdick testified:
      (a) No doubt Committee took its orders from the Farm Bureau through the Farm Bureau's agent, Diroksen

C. Limitations on administration contained in H.R. 2481, Agricultural Supply Bill for 1944 as sent to the Senate

1. The following limitations in the Bill as reported by the House Appropriations Committee were struck out on points of order
   a. AAA
      (1) Prohibition against distribution of fertilizer, lime etc. by AAA
      (2) Limitation on employment of county and community committeemen to 100 days and 25 days respectively
   b. FSA
      (1) Funds for FSA functions to have been carried on by FCA and Extension Service

2. Prohibitions in House Bill as referred to the Senate
   a. AAA
      (1) Prohibition against incentive payments
      (2) Five hundred dollar limitation on payment
      (3) Administrative funds not to exceed 50% of 1943
      (4) Prohibition against regional, state and county informational employees
   b. BAE
      (1) Prohibition against state and county land use planning
   c. FCIC
      (1) Prohibition against use for insurance programs (Funds provided for liquidation)
   d. Information
      (1) Prohibition against maintaining regional or state field offices
   e. FCA
      (1) Prohibition against RACC loans

D. Testimony before the Senate Sub-Committee concerning Bill as passed by House

1. General Farm organizations
   a. American Farm Bureau Federation May 22nd testimony differed little from House testimony and supported most of the House Bill but called for a reinstatement of House Committee provisions regarding transfer of FSA functions stricken out by the House on a point of order
      (1) Recommendations opposing provisions in House Bill
         (a) AAA
            1. Opposed to amendment limiting maximum conservation payment to $500
            2. Oppose limiting amount of time worked by AAA committeemen
         (b) FCIC
            1. Retain for wheat and cotton for further trial period
         (c) FCA
            1. Oppose House provision prohibiting making loans to applicant unless he has been rejected by private lending agency
      (2) In testimony on transferring FSA functions quoted Dirkson on reports of Appropriation's committee field investigators
      (3) Stated following AFBF recommendations would result in substantial reduction of some appropriation items for Agriculture
   b. National Grange testimony that unusual circumstances made it necessary to discuss operations of Department's organizations
      (1) FSA
         (a) Opposed to transferring functions to FCA and Extension
            1. Agency should be continued but circumscribed to prevent community building projects
      (2) FCIC
         (a) Continued and scope of operations broadened
      (3) FCA
         (a) Crop and seed loans should be liquidated
         (b) Federal Farm Mortgage Corporation should eventually be liquidated
         (c) RACC should be continued in liquidation except for extreme emergencies
            1. All expenses should be paid by RACC
            2. Loans restricted to borrowers who cannot secure funds from Coop. or private lending agencies of similar character at terms or rates ordinarily prevailing

(4) AAA
(a) Committees should act as board of directors with executive secretary or clerk
(5) War Boards
(a) County -- State War Board appoint direct farmer representatives from 3 highest nominees submitted by county war board after consultation with general farm organizations in county
1. Other than AAA funds should be provided
(b) State -- made up of government agencies represented in State plus director or commissioner of agriculture and include FCA representative
1. Meet as policy making body and employ executive secretary or clerk
2. Other than AAA funds should be provided
(6) Extension Service
(a) Amend Smith Lever law to insure that county agent does not conduct Farm Bureau work or business work
1. Prohibit contribution of private funds
(b) Supply funds to provide a home agent in every county
(7) General prohibitions to affect activities of the agency and of department personnel
(a) Prohibit county committeeman or employee from soliciting membership in a farm organization or to act as a financial or business agent
1. Charged FSA employees had worked for Farmers' Union
(b) Prohibit any employee from promulgating regulations directly or indirectly conflicting with exemptions for farm labor in NLR Act and Fair Labor Standards Act
1. Charged FSA employees had violated

c. National Farmers' Union (May 25, 1943 testimony)
(1) Charged Bill failed to recognize war and called for general restoration of Budget allowance
(2) Opposed House provision to abolish regional offices
(a) Charged F. Bureau would like to break down farm programs into state units subject to F. Bureau control
(3) Recommended separation of Extension Service from the Farm Bureau
(4) Recommended continuance of School Lunch Program and FCIC and RACC programs
(5) AAA -- for restoration of administrative funds and against turning over information function to Extension
(6) Restore administrative funds to REA increase food production through

(7) Small farmer program
(a) Authorize 1,000,000,000 in loans
(b) Increase tenant purchase authorization to 100,000,000
(c) Add at least $5,000,000 to tenant purchase fund to set up a veteran's farm bonus program

2. Other organizations testifying in relation to FSA
a. Those favoring continuance
(1) Emergency Committee for Food Production
(2) Congress of Women's Auxiliaries of CIO
(3) National Catholic Rural Life Conference
(4) National Congress of Parents and Teachers
(5) National Negro Council
(6) YWCA
b. Those opposed
(1) National Cotton Council of America

3. Organizations testifying in support of school lunch program
a. Congress of Women Auxiliaries of CIO
b. National Congress of Parents and Teachers

4. National Rural Electrification Cooperative Association testified for increasing administrative and other REA funds

E. Special administrative limitations contained in agricultural appropriation Law for 1944

1. AAA
a. Prohibition against incentive and production adjustment payments
b. Prohibition against employment of regional, State and county informational employees - but not to preclude supplying information to individual founders

2. Office of Information
a. Prohibition against regional or State field information offices

3. BAE
a. Prohibition against state and county land use planning

4. FCIC
a. Prohibition against crop insurance

XII Executive Orders No. 9322 and No. 9334 establishing a War Food Administration within the Department of Agriculture

A. Executive Order No. 9322 issued March 26, 1943 (Previous to its issuance, the President called in Wickard to say that he should operate more on the policy level -- that he needed an administrator

1. Powers given to the Administration of Food Production and Distribution
   a. Those delegated to the Secretary December 1942 by Executive Order 9280
   b. Those previously delegated to the Secretary by W.M.C. and O.E.S. on farm labor and manpower and price control authority given to Secretary by Title IV of Executive Order 9250

2. Administrative relationship to the Department of Agriculture
   a. Although located within the Department the Administrator to be appointed by the President and to be responsible to him
   b. Secretary to retain his position on following organizations
      (1) Remain as chairman of Food Advisory Committee which was to include Davis in its membership and to be advisory to Davis.
      (2) Remain as member of W.P.B.
      (3) Remain as American member on C.F.B.

3. Administrative structure of new administration
   a. Agencies included
      (1) F.P.A. except for F.C.A.
      (2) F.D.A.
      (3) Extension Service
      (4) C.C.C.

4. Residual Department of Agriculture
   a. Agencies and offices left to the Department
      (1) A.R.A.
      (2) F.C.A.
      (3) R.E.A.
      (4) Forest Service
      (5) Staff offices and auxiliary services

B. Executive Order 9334 issued April 19, 1943

1. New Provisions not covered by Executive Order No. 9322
   a. War Food Administrator and Secretary authorized to exercise each others powers unchallenged by a third party
   b. War Food Administrator to serve as an alternate representative on the C.F.B.
   c. Changed name from Administration of Food Production and Distribution to War Food Administration

2. Interpreted by April 24 Solicitor's Opinion that staff offices performing exclusively W.F.A. functions are under jurisdiction of W.F.A. and others which service functions both the W.F.A. and the Department are to be subject to jurisdiction of both

XIII. Chester Davis Period as War Food Administrator (March 25-June 28, 1943).

A. Davis Appointment

1. In relation to price control and subsidy issues
   a. Interpreted as an attempt to reduce pressure for passage of the Pace and Bankhead Bills
      (1) Timing
         (a) Pace Bill had passed the House March 19th and was unanimously approved by the Senate Agricultural Committee, March 21.
         (b) Bankhead Bill passed Senate February 25 and similar bill passed House March 24, 1943
      (2) Commended by farm organizations actively backing Pace and Bankhead Bills
         (a) Reported to have followed a meeting of President with farm organization leaders
   b. Rumored that Davis expected to be given final authority over farm prices
   c. Farm organization leaders (Goss, O'neal, and Teague) expressed disappointment over failure to give Davis price control authority
   d. Appointment of Davis reported to have been influenced by Byrnes who considered it a strategic political move.

2. Timing of appointment during period of extraordinary criticism of Department operations by Appropriate Committee Sub-Committees and by special investigating committees in relation to:
   a. Supply Bill for 1944
   b. Appropriations for farm labor program
   c. Continuance of the Farm Security Administration
   d. Investigation of AAA administrative organization charged with violating Hatch Act

3. Endorsement of Davis
   a. Trade Leaders and Organizations
      (1) Tyre Taylor of National Association of Retail Grocers
      (2) Clarence Francis of General Food Corporation
      (3) Paul Willis of Associated Grocery Manufacturers
   b. Farm organization leaders
      (1) O'Neal of A.F.B.F.
      (2) Goss of Grange
      (3) Teague of National Council
   c. Donald Nelson of W.P.B. - "I think he is the best man in the U.S. for the job."

4. Related to fact that Davis had developed food administration plans as Agricultural Commissioner of the N.D.A.C.

a. Reported to have told President this is what I recommended to you two years ago

5. Decision to appoint Davis reported to have been made by last of February

B. Organizational changes made in the Washington Office

1. Changes in leadership in already established organizations
   a. Food Production Administration
      (1) J. B. Hutson appointed as administrator to succeed Townsend May 27th
         (a) Dodd appointed chief of AAA to succeed Fred Wallace June 1, 1943
            1. Geissler appointed Director of Western Division of AAA June 1st
            2. Le Roy K. Smith appointed Director of North Central Division of AAA to succeed Schooler June 1
               a. Schooler resigned April 8 after having been relieved of duties, pending investigation
         (b) J. Carl Wright appointed acting manager of FCIC to succeed Smith
            1. Smith, Duggan, and Byrd appointed as members of F.C.I.C. Board of Directors
   b. Food Distribution Administration
      (1) Hendrickson to remain administrator but to report through Tapp

2. Organizational Changes.
   a. Lt. Colonel Taylor given responsibility for all labor programs (April 1, 1943)
      (1) Colonel Bruton Director of Interstate and Foreign Labor
      (2) M. L. Wilson to assist in farm labor supply program in relation to functioning of State Extension Services
      (3) Employees necessary for efficient administration of program to be detailed to Taylor's office
   b. Office of Materials and Facilities established by consolidating offices from O.A.W.R., F.D.A., F.R.A. and C.C.C.
      (1) Need for staff organization pointed out by Boyd in tracing developments and by B. of B staff
      (2) Consolidated offices:
         (a) Material Control Branch of OAWR
         (b) Facilities Branch of F.D.A.
         (c) Production Supplies Programs Branch of F.P.A.
         (d) Farm Service and Supply Branch of F.P.A.
         (e) Priority Services Group of C.C.C.

(3) Function - to assume responsibility for all materials, supplies, machinery, equipment and facilities programs of W.F.A.

(4) Organization of Office as announced May 20, 1943
- (a) Farm Machinery and Supplies Division
- (b) Program Division
- (c) Priorities and Allocation Division
- (d) Packaging and Containers Division
- (e) Processing Facilities Division
- (f) Chemicals and Fertilizers Division
- (g) Transportation and Warehousing Facilities Division

3. Davis Staff

a. Executive Staff responsible for determination and execution of major policy

(1) Two Associate Administrators
- (a) Tapp formally appointed March 29 in charge of marketing and distribution programs
- (b) Hutson formally appointed May 13 in charge of production programs and to continue as CCC president
  1. Following agencies to report to Hutson
     A.A.A.
     F.S.A.
     S.C.S.
     F.C.I.C.
  2. Reported on May 23 that Davis had decided to abolish F.P.A.

(2) Five Deputy Administrators
- (a) Byrd in charge of administrative and fiscal policy and procedure (announced April 12, 1943)
- (b) Salidbury in charge of Information (announced April 29)
- (c) Taylor in charge of labor programs (announced April 1) (deficiency appropriations act signed April 30 Statement on organization - Directors Memorandum issued then)
- (d) Marshall in charge of materials and facilities (announced May 10)
  1. W.F.A. representative on Requirements Committee of W.P.B.
- (e) Hendrickson in charge of F.D.A. and marketing, distribution, and food procurement programs (announced May 13)

b. Other staff members appointed for special responsibilities

(1) Townsend appointed special representative to contact State Governors and Commissioners of Agriculture (May 25)
- (a) B of B comment adds barrier to proper integration of Ag. knowledge and direction at state level.

(2) Brownlee appointed Transportation Director to function on direct representative of Davis, May 26
(3) Russell appointed assistant to the administrator in charge of War Boards, May 27
(a) War Boards Services Office transferred to administrator's office to report to Russell

C. Special administrative problems subject to study by the Davis' staff and consultants

1. Form of War field organization
a. War Board organization subject to special criticism from the Extension Service.
(1) May 27 telegram from Land Grant College Association expressed concern over War Board situation
(2) Opinion of Extension directors was asked in a March 30th letter concerning continuance of War Boards as they were then organized and functioning
b. Special committee (composed of State Extension Director from Virginia, War Board (AAA) chairman from Michigan, and California State Director of Agriculture) asked to convene on May 10 for two weeks consultation with Davis on field organization problems
(1) Apparently chosen to reflect Davis ideas (April 26) (Byrd stated thought committee would recommend state and county executives)
(2) May 13 recommended War Boards be used as interim organization and set up state and county W.F.A. officials responsible to Davis
(3) B of B protested May 22 plan entirely inadequate
(4) John B. Wilson's comments
c. Davis plans never definitive but seemed to center around establishment of administrative officers in states and counties and expansion of War Boards.
(1) Testified to that effect May 14 before Senate Appropriations Committee
(2) Reported staff meeting held May 25 at which deputies and chiefs of agencies, except AAA, agreed WFA should have own representative at State and County level
(3) Tapp Memorandum of May 31, 1943 provided for substantial expansion of War Board membership to include processors, distributors, etc.
(4) On June 4 Byrd rejected idea of WFA State and County Administrators to fill gaps not now covered and to control existing staffs to extent necessary -- saying only step Davis would take would be appointment of executive officers of some kind not War Food Administrators to State and County War Boards
d. National Agricultural Mobilization Committee met with Davis early in April to discuss field organization
(1) Davis reported they were primarily interested to see that the Extension Service did not take over AAA functions

(2) Protests sent to Davis that committee members using AAA stationary were attacking Congressmen, the Extension Service, and the Far Bureau

e. Extension Service Director (USDA) stated Extension's relationship to program administration should be advisory

f. Advisability of regional organization studied
(1) Apparently Davis wished regional offices to be limited to housekeeping functions
(2) Committee of three opposed to regions
(3) F.D.A. wished to complete regionalization

g. Problem of relating distribution and production field organizations
(1) B of B thought insufficient attention given to distribution
(2) F.D.A. resisted any attempt to combine field organizations
(3) War Board -- F.D.A. meat controversy

2. Organization and Leadership of F.S.A.
a. Special committee composed of Black, Poe, Nunn and Sanders appointed to make recommendations on F.S.A. first part of May
b. Considerable pressure concerned with the continuance of Baldwin as F.S.A. Director
(1) Farmers' Union church groups, and labor unions supporting F.S.A. organized into the Emergency Committee for Food Production
(2) Farm Bureau, National Cotton Council, etc. Charges of inefficiency and madadministration
(3) Congressional pressure for a new F.S.A. administrator

3. Special group from Administrative Management Division of Bureau of Budget loaned to W.F.A. to study organization problems
a. Recommendations on field organization
(1) Appointment of Deputy Administrator in charge of field work and consultant to study field problems
(2) Interim organization suggestions made to Byrd provided for use of existing F.D.A. and War Board structures but added W.F.A. State and County Administrators to form nucleus of a future W.F.A. field Staff, to fill gaps and to control to extent necessary existing staffs (June 4 Byrd said plan would not stand a chance with Davis)
b. Recommendations for Washington organization
(1) Program Bureau should be established reporting to the Administrator
(2) Organization Planning Bureau responsible to Administrator
(3) Material and Facilities Bureau at staff level
(4) Food Labor Bureau at staff level

(5) Information Bureau to promote an effective program for advising public and administrator of public's reaction
(6) Proposals on price, rationing and planning of distribution of non-rationed foods should be lodged in a central Program Bureau

D. Relations relative to price control issues with O.P.A., O.E.S., O.W.M., and the President (O.W.M. established May 27, 1943)

1. Pace and Bankhead Bills were the subject of major controversy between President and Congress immediately preceding and following Davis appointment
   a. President vetoed Bankhead-Steagall Bill April 2 - recommitted to Senate Ag. Committee
   b. Pace Bill was recommitted to Senate Ag. Committee

2. President's Hold the Line Order was issued April 8, 1943
   a. Davis objected to Byrnes on April 7 against the inflexibility of the order
      (1) Disastrous to proceed at once with ceilings on livestock and some other commodities
      (2) Need for flexibility to make price readjustments for production
         (a) Particularly since no certainty of funds for incentive payments or other types of subsidy

3. Stated his opposition to proposed O.P.A. ceiling prices for raw cotton in an April 22 letter to Byrnes

4. Controversy over OPA Roll Back Program
   a. Roll back of meat, fresh and canned vegetables and coffee prices announced by Brown as part of a 4 point program to control the cost of living May 1, 1943
      (1) Related to President's April 8 Hold the Line Order
      (2) Related to CIO and AF of L demands for more effective price control (as related to Little Steel Formula) in lieu of demands for wage increases
   b. Davis testified against Roll Back for meat and butter, May 28
      (1) Better to push protein substitutes for meat and encourage production of milk solids
      (2) General dependence on broad subsidy payments dangerous
   c. Davis in June 10 letter to Vinson protesting confusion over announcement of roll back of meat prices with resulting decline in hog prices
      (1) Points out that W.F.A. withheld approval of the press release announcing the roll back because felt details should be in packers hands simultaneously with the release

5. Davis was not included in the membership of the War Mobilization Committee advisory to the Director of the Office of War Mobiligation established May 27

6. Holding up the order raising price ceiling on evaporated milk (proposed by Davis and agreed to by Brown and Byrnes) and the eventual substitution of a subsidy and roll back program illustrates Davis ineffective role in the determination of price policy related to production problems
   a. Davis and Brown agreed to the need for raising the ceiling to increase production April 24 and referred the proposal to O.E.S.
   b. Upon notification of Byrnes approval the order was printed and distributed to the field OPA offices
   c. Order was held up and on June 8 Vinson recommended substitution of a subsidy and roll back in consumer prices
   d. Davis protested in a June 11 letter to Vinson
      (1) "One of many evidences of an increasingly unsatisfactory situation in which public responsibility rests in one quarter while authority is exercised in another"
      (2) Asked if Vinson's recommendation was an indication that Administration had agreed upon broad use of subsidies to roll back or hold back consumer prices

7. O.P.A. acting Administrator in June 12th letter to Vinson charged serious issue between O.P.A. and W.F.A. concerning ceilings on unprocessed agricultural commodities
   a. In June 15, letter to O.P.A. administrator and to Vinson Davis states that he does not object to ceilings on agricultural commodities where:
      (1) Such ceilings are necessary to hold the line at the retail level
      (2) Ceiling is accompanied by a well considered plan for its administration and enforcement
      (3) No simpler or more effective method of holding the producer price at the desired level is at hand

8. Presidents press conference of June 15
   a. Announced strong support for O.P.A.'s roll back program
   b. Opposed to proposals to give War Food Administrator authority over prices and rationing

E. Relations with business, labor and other special groups

1. Relations with business
   a. Establishment of War Meat Board May 17
      (1) Nine man board representing W.F.A., O.P.A, the Army and the meat industry
      (2) Function of the board to make effective the allocation and distribution of the national meat supply among claimant groups

b. Food Advisory Committee of F.D.A. designated as W.F.A. committee

c. Executive personnel brought into the War Food Administration by Davis were associated with business or banking institutions
   (1) Four of the seven members of Davis executive staff had been recently association with business or banking institutions
      (a) Two of these had been with Davis in the Department when he was head of the AAA

d. Davis stimulated cooperation with the War Advertising Council in promoting food information campaigns
   (1) He initiated the appointment of advertising personnel to the Office of Information staff
   (2) This is reported to have been one of the major projects which Davis wanted to get under way before resigning from the War Food Administration

2. Relations with labor groups
   a. C.I.O. and A.F. of L. requested labor representation in the War Food Administration
   b. Labor groups sent representatives to request that Davis support price roll backs
      (1) Greater New York Industrial Union Council accused Davis in a public statement of being opposed to President's Hold the Line Order

3. Negro farmers
   a. Announced appointment of a committee May 20 to handle projects for improvement of War Food Administration's services to Negro farmers
      (1) Committee composed of the Extension Director, Director of Southern Region of AAA and War Board Assistant to the Administrator, to cooperate with two Negroes appointed as special assistants to make recommendations for improvement of W.F.A. procedures.

F. Movement to concentrate additional food authority under one administrator

1. Bills introduced
   a. Jenkins Bill, H.R. 2739, introduced May 18 to concentrate authority for food in the Secretary of Agriculture sponsored by the Republican Food Committee (established about April 20 with 60 members).
      (1) Provided authority for: all purchases, all imports and exports and for fixing prices after consultation with industry
      (2) Jenkins on June 8 stated Republican Food Committee wanted powers concentrated under one head and that Chester Davis would satisfy every Republican

b. Fulmer Bill, H. R. 2837, introduced June 1, 1943 to place control of food ("powers Davis thought he had") in hands of War Food Administrator including price control and rationing
   (1) Reported out of House Ag. Committee June 24 on a vote of 18 to 8
   (2) (a) 12 Republican members of Committee and 6 Democrats voted for it despite protests of Byrnes

c. Vandenburg Bill, S 1283, introduced June 28 to provide centralized responsibility for food production and distribution
   (1) Senator Vandenburg called it a counterpart of the Fulmer Bill

2. Congressional delegations discussed proposal with the President
   a. Delegation from Senate and House called on the President June 14 to urge creation of an over all food authority
      (1) President, Byrnes, and Vinson all stated their opposition
   b. June 15 - Delegation from House Agricultural Committee headed by Fulmer urged concentration of authority

3. General Farm Organizations
   a. Goss advocated giving complete control of all government food functions to War Food Administrator in statement before House Banking and Currency Committee considering extension of the Commodity Credit Act by AFB 5
      (1) Resolution of AFBF Board of Directors
      (2) Mid-West Farm Bureaus adopted and sent to Congress on June 24 a resolution urging that all control over food production and distribution be given to Davis
      (3) Northeastern F. B. Conference

4. Commissioners of Agriculture
   a. West Virginia Commissioner of Agriculture in June 25 letter to Davis states that he has urged placing food control authority under one man
   b. Southern Commissioners of Agriculture passed a resolution on June 24 favoring the concentration of all authority for production, distribution and prices in hands of War Food Administrator

5. Prominent individuals
   a. Herbert Hoover
      (1) June 8 A.F.B.F. meeting stated all authority over food production and distribution should be concentrated in War Food Administrator who should be Secretary of Agriculture and member of O.W.M.

6. Individual Congressmen
   a. May 20, Ellsworth (Republican Food Committee Member) urged passage of Jenkens Bill - stating chaos in food due to division of authority - compared administration of food problems by 90,000 employees unfavorably with Hoover Food Administration using only 3,000 employees
   b. May 24, Herter of Massachusetts (Republican Food Committee Member) asserted fixing of authority for food under one man absolutely essential
   c. June 1, 1943 Robert Hale of Maine to have sound rationing, RFC, and price control must proceed along lines of Jenkins Bill
   d. June 2 Patman announced that he had proposed an amendment to bill to extend life of CCC which would transfer all authority of Price Administrator over food to War Food Administrator
      (1) June 8 Patman stated he had changed his mind and now believed power should be held by Director of O.E.S.
   e. June 21 - Hope of Kansas (RFS) spoke of need for food administrator illustrating need by fact roll back on meat and butter prices was put into effect without consulting Davis
   f. June 21 - Andresen R.F.C. of Minnesota spoke of need to place control of food in hands of practical men like Davis
   g. June 26 Senator Capper of Kansas stated his full approval of Mid-West A.F.B.F. resolution urging control be given to Davis

7. Food Trade Organizations
   a. Grocery Manufacturers of America passed resolution (at their June meeting) stating that present unfortunate food situation can only be corrected by transferring all controls to Davis
   b. June 25 - Food Industry War Committee released a statement that food situation is so critical appointment of single person should be a matter of hours not days

8. Agricultural Committee of Chamber of Commerce passed a resolution for centralization and clarification of administrative authority among govt. agencies to restore confidence of farmers

G. Davis' resignation

1. Tentative resignation submitted to the President June 16, 1943
   a. Davis wished to resign after completing two undertakings
      (1) Rounding out and announcing the general 1944 food production program

(2) Holding three meetings essential to launching the broad food educational program

b. Reasons given for resignation

(1) Given public responsibility while authority over day to day actions as well as broad policy is exercised elsewhere

(2) Cannot wholeheartedly advocate and defend program of general subsidies announced on June 15

2. President accepted resignation June 28

a. Expressed regret that Davis could not wholeheartedly support a program to keep cost of living down by "limited subsidies"

b. Inadvisable for Davis to determine and announce 1944 program

(1) Should be left to next administrator

XIV. Budget Bureau's (Administrative Management Division) definition of weakness in War Food Administration organization and suggestions for change

A. Budget Bureau study of War Food Administration organization began in November 1942 and extended through June 30, 1943

1. Major recommendations were prepared at request of Chester Davis but were not completed until Jones became War Food Administrator

2. Recommendations presented to Jones in a memorandum from Donald Stone July 22, 1943

B. Budget Bureau's analysis of administrative problems

1. Need to convert loose confederation of seven more or less independent agencies into a single organization Failure to develop a complete, consistent and timely operating program

a. Had not developed adequate methods for taking stock of overall food needs and weighing them against production potentialities

b. Even more difficult to weigh requirements for different food products against each other to determine their relative values in the total food supply

c. In the allocation of food supplies the emphasis is on compromising conflicting claims without detailed review to determine validity of estimates

(1) Especially true of military claims

(2) Relationship between domestic allocation and work of C.F.B. is formalistic and ineffectual

(a) Relationships between W.F.A. and O.R.A.R. bad

d. Lack or coordinating mechanism to develop an integrated price policy

3. War Food organization fails to provide effective commodity management
   a. Insufficient coordination of the management of individual food commodities
      (1) CCC and FDA overlap in their functions
         (a) Duplication
         (b) Delay and failure to act

4. Inter-Agency Food Procurement Committee device inadequate to take care of administrative problems requiring day to day attention
   a. Food order set-asides only partially successful
   b. Within W.F.A. food import planning activities are carried on by several loosely coordinated units
      (1) Foreign Purchase Committee attempts to make decisions which should be made by an administrator
   c. Due to organizational shortcomings and to lack of a positive administrative policy W.F.A. has failed to provide a method to prevent claimants from exceeding allocations or which guarantees distribution of supplies in accordance with allocations

5. Failure to coordinate or consolidate field agencies
   a. Inadequate coordination attempted through War Board dominated by AAA
      (1) W.F.A. attempted to adopt War Board as chief channel for communication to field but constituent agencies, especially FDA, send unrelated and conflicting material
   b. Relation of FDA field organization to War Board unclear
      (1) Example War Meat Program
      (2) Local production responsibility in hands of War Boards while responsibility for distribution of local surpluses in FDA
         (a) Food Advisory Committees are little used on this and other problems

6. Public education for the administrative work of WFA has been limited and ineffective
   a. Needed for voluntary compliance
   b. Campaign to minimize food waste needed
   c. Needed for public acceptance of government programs

C. Budget Bureau's recommendations for organizational changes

1. Establishment of a Food Management Service under a director responsible to the Administrator
   a. Bring together all commodity operations and commodity specialists in unified commodity branches
      (1) Three way consolidation of Prod. Prog. Branch of FPA, FDA commodity branches, and CCC commodity branches
   b. Organize a small Policy Coordination Staff for the head of the Food Management Service
   c. Establish a Food Procurement Branch with responsibility for supervising foreign and domestic purchasing and for transporting and warehousing all foods purchased by WFA
   d. Create a unified field organization for the Food Management Service

2. Establishment of a Farm Management Service
   a. To be responsible for contacts with farmers for conservation, adjustment, and rehabilitation activities now carried on by AAA, SCS and FSA and to include the Extension Service
   b. Unified field organization with single official responsibile at state and county levels
      (1) War Boards should be discontinued but sub-committees should be retained with advisory status
         (a) Serious attention should be given to possibility of consolidating AAA and SCS

(b) Serious consideration should be given to turning over to OPA all responsibility for rationing

3. Establish an office of Administrative Management for the WFA

XV. Organizational changes made in the War Food Administration July 1943 through June 1945

A. Related to appointment of Marvin Jones as Administrator

1. In relation to price control and subsidy issues
   a. Assumed that Jones would cooperate completely with the President's anti-inflation program
      (1) Significance of appointment of War Food Administrator who had served as farm adviser to Director of Office of Economic Stabilization
2. In relation to pressures for concentration of additional authority in War Food Administration
   a. Probably believed that selection of former congressman with a reputation of complete loyalty to the President would serve as a deterring influence
   b. Comments of congressmen relative to appointment of Jones and need for concentrated authority
      (1) June 30 - Hawkes of N. J. - Byrnes, Vinson, and Jones probably hold 3 most important jobs but have not had previous economic or executive training.
      (2) July 1 - Vandenburg-need for Baruch Committee on Food because Congress and Executive entrenched in battle lines
      (3) July 1 - Rees - Regrets Davis' resignation and sees need for one food agency
      (4) July 1 - Voorhis reported that answers to his questionnaire would indicate 90% of people see need for centralization of food responsibility
      (5) July 2 - Davis - Imperative that food production program be reorganized - Hoover best man
      (6) July 5 - Curtis - questions why majority leadership doesn't give Congress a chance to pass Fulmer Bill
      (7) July 19 - Jenkins - Republicans and Democrats almost unanimously proclaimed Davis. Ardor of some members for additional concentration of food authority cooled with appointment of Jones
3. Additional responsibility and prestige given to Jones through appointment to inter-departmental and inter-governmental boards
   a. Appointed to membership on War Production Board June 30, 1943
   b. Appointed to membership on War Mobilization Committee June 30, 1943
   c. Appointed U. S. member of Combined Food Board October 28, 1943

(1) Secretary Wickard appointed neutral chairman of the Board
(a) Brand had focused attention on need for War Food Administration representation on the Board in a series of conferences with Davis, Jones, and Wickard

d. To serve at head or to designate head of Food Advisory Committee established by Executive Order 9280

B. Organizational changes

1. Changes made in the Washington office through December 1943
a. Changes in the immediate staff of War Food Administrator
(1) Paul Porter appointed Associate War Food Administrator to serve as Executive Officer - June 29
(a) After approximately 1-1/2 months left WFA to become an assistant to Byrnes
(b) Rumored that he left because Jones depended upon Assistant Secretary Hill for advice on major policy
(2) William Bradley appointed deputy administrator in charge of all personnel, fiscal, budgetary, and administrative functions - June 30
(a) Office of Budget and Finance designated as budgetary and fiscal office for WFA under general supervision of Deputy Administrator for Management
(b) Ruling by War Food Administrator July 31 that all organizational changes in WFA and constituent units must have approval of Deputy Administrator
(c) Rumored that Bradley's resignation in September was related to an issue over failure of Jones to back up his authority
(3) Grover Hill, Assistant Secretary of Agriculture appointed Assistant Administrator of WFA July 15
(a) Had been serving in an advisory capacity since Jones' appointment
(4) William Nelson appointed Special Assistant to Jones August 12
(a) A former congressman, his appointment had been urged by White House
(b) Replacing J. S. Russell who had been special assistant in charge of war boards
(c) Designated Director of War Board Services August 26
(d) Chairman of newly created WFA National War Board
(5) Upson named Transportation Director August 16, 1943
(6) J. Joe Reed designated to be responsible for channelling all price control dockets August 24
(7) Ashley Sellers appointed Assistant Administrator September 15

(a) Formerly in charge of food distribution phases of Solicitor's office

(8) Wilson Cowen appointed Assistant Administrator September 22

b. Minor changes made within FDA through December 1943

(1) Establishment of Price Branch headed by Hoffman July 6 under Deputy Director in charge of Civilian Activities

(2) Food Industries Labor Branch transferred to Office of Labor August 14, 1943

(3) Elimination of one of 4 Deputy Directors, Mr. Meyer, who became chief of Processors Branch August 31, 1943

(4) Establishment of Special Assistant to the Director on Plant Facilities, Financing, and Food Protection, September 3, 1943

(a) Preceded by considerable controversy between Bradley and FDA officials regarding duplication of functions of the Office of Materials and Facilities

(5) Liquidation of Civilian Programs Branch completed with transfer to Civilian Food Requirements Branch of Wholesaler's and Retailer's Branch and some functions of Nutrition and Food Conservation Branch, October 9, 1943

(6) Announcement of Realignment of FDA organization and regionalization of program December 1, 1943

(a) Functions grouped under 3 Deputy Directors

1. Food Industry and Regulatory Activities
2. Procurement activities and Management Service
3. Civilian Activities

(b) Announced as part of policy on regionalization that responsibility for operating programs would be delegated wherever possible

c. General organization of WFA announced September 24, 1943

(1) Essentially an announcement of intention to continue with current organization

(2) Positions of deputy administrator for management and of executive officer discontinued but one of 3 assistant administrators designated as first.

(3) Administrator's office related to Secretary's office

(a) Announcement that both should have identical staff and service officers

1. Minor deviation made Dec. 1, 1943 when Office of Transportation's status changed from program agency to staff agency of WFA

(b) Under secretary to serve as first assistant War Food Administration

(c) Special Assistant to the Secretary Flavin to serve as one of three assistants to the War Food Administrator

(4) Delineation of responsibility between such program agencies as the Office of Materials and Facilities, the Office of Labor Supply, the FDA, FPA, and CCC unclear
(a) Making it possible for the FDA to seek to expand its functions in relation to other program agencies

2. Changes made in field organization through December 1943
a. Agricultural Adjustment Administration
(1) Abolition of state and county information offices required by restriction in appropriations
(a) Controversy over amount of educational work which AAA employees could do under legal restriction
1. Jones reversed July 15 instructions based on ruling of the Solicitor in a July 30th statement

b. War Boards
(1) State supervisors of vocational agriculture and commissioners of Agriculture invited to become members August 11
(2) War Board functions changed to general coordination and facilitation of agency programs with responsibility for action reassigned to constituent war board agencies October 29, 1943
(a) As amended November 26, the following functions were reassigned to AAA
1. Production goal work
2. Facilitation of transportation and distribution of feed stuffs
3. Certification of canners for vegetable crops 'under CCC direction)
4. Administration of rationing and allocation of farm machinery, fertilizer,etc. (under OMF)
5. Issuance of farm slaughter permits (under FDA direction)
6. Farm transportation-tires,gasoline under OMF direction)
7. Certification of applications for frozen food locker plants (under OMF direction)
8. Administration of alcohol order (under FDA direction)
(b) Increasing production of forest products assigned to Forest Service
(c) The following functions were assigned to the Extension Service
1. General educational work
2. Collecting and transmitting to county war boards factual information relative to deferments
3. Cooperation with Army in producing foods on military reservations

(d) Comments on reassignment of War Board work
1. Competition for WFA administrators funds
2. Need for speedy action

(3) Office of War Board Services discontinued Dec. 30, 1943 (Cowen to serve as active chairman of National War Board) Nelson resigned as director Dec. 15, 1943

c. Regionalization of Office of Labor to decentralize program announced August 13, 1943

3. General reorganization of War Food Administration, January 21, 1944

a. Changes in names and responsibilities of WFA agencies

(1) Food Production Administration to be known as Office of Production

(a) Cease to have responsibility for supervision of A.A.A., S.C.S. and F.S.A.

(2) Food Distribution Administration to be known as Office of Distribution

(a) To be responsible for all procurements stockpiling, storage and distribution of food by W.F.A. including food acquired through loan programs (with special exceptions)

1. Responsible for preparation of directives for foreign procurement of food

(3) CCC functions limited in reorganization

(a) To make such distribution of food acquired as requested by O. of D. except

1. CCC to continue to procure and import food from Canada and sugar from Caribean area
2. CCC to continue until May 1 responsibility for procurement and distribution programs now administering
3. O. of P. to be responsible for distribution of all feed and other production facilities

b. Establishment of Office of Price as new staff agency

(1) To have supervision over all functions of WFA relating to approval of maximum prices to be fixed and to price support programs

c. Comments

(1) Second of number of attempts to relegate CCC to banking functions

(a) Related to long standing difficulties between FDA and CCC

(b) Perhaps related to appointment of M. Lee Marshall as director of O. of D. and to Hutson's unpopularity with Jones

(2) Abandonment of attempt to consolidate production agencies (Begun by establishment of A.C.A.A. in 1941)

(a) Hutson's plan for the reorganization of the field service had been rejected by Jones

d. March 18th changes in reorganization announced January 21st
   (1) Reconstituted Board of CCC
      (a) W.F.A. Administrator chairman
      (b) Director of Distribution vice-chairman
      (c) Other directors are: Director of Production, Director of Price, Chief of AAA and President of CCC
   (2) Redefining authority of CCC and of O. of D. in field of lending, buying, selling, storage, transportation and subsidies with respect to food and food facilities
      (a) Division of responsibility made along commodity lines.
         1. CCC responsible for: corn, wheat, cotton, tobacco, peanuts, rice, feed grains, wool, hemp, sugar cane, sugar beets, and raw sugar
         2. O. D. responsible for: fruits and vegetables, livestock and livestock products, poultry, grain (except feed), fats and oils, etc.
         3. O. P. Director to issue directives to CCC for feed, seed, fertilizer and other production facilities
   (3) Comments
      (a) Attempts to resolve conflict between O. of D. and CCC by clearer division of responsibility and by placing the Director of Distribution in the vice chairmanship of the Board where he would be responsible to Congress for CCC programs under O. D. direction
      (b) Special committee on organization recommended to Jones that the Office of Production be abolished, but Jones disagreed

4. March 9, 1944 reorganization of the Office of Distribution
   a. Provided for four deputy directors responsible for special functions:
      (1) Commodity and Industry Regulations
      (2) Supply
         (a) To serve as vice chairman of the Food Requirements and Allocations Committee and as chairman of the Interagency Food Procurement Committee
      (3) Civilian Programs
      (4) Management
   b. Comments
      (1) Attempt to fix responsibility for food procurement

(a) Related to idea of Marshalland Jones that O. of D. should be run as a business organization
1. April 4 - O. of D. memorandum rescinded previous prohibition against employment of $1 a year men.
2. Statements of Marshall concerning use of business methods
(b) Related to fear of accumulating surplus food stocks detrimental to industry after the war
1. FDA had worked with food trade on program for disposing of excess stocks
(c) Formerly commodity experts had carried out food procurement operations although Deputy Director Olmstead had been in general charge of procurement activities
1. Alleged that commodity experts had bought at ceiling prices when possible to buy at lower prices.
(2) Separated procurement and mangement
(3) Compliance branch transferred from Olmstead to Kitchen

5. December 13, 1944 reorganization of War Food Administration
a. December 13th memorandum (to be effective Jan. 1) abolished the Office of Production and the Office of Distribution.
(1) Functions of the Office of Production except for crop insurance were transferred to the AAA and the SCS
(a) Feed management and crop production functions were transferred to AAA
(b) Land conservation functions were transferred to SCS
(2) Functions of the Office of Distribution and of the CCC except for the latter's "banking" functions were divided between the new offices: of Marketing Services, of Basic Commodities, and of Supply
(a) Office of Marketing Services was given responsibility for:
1. Regulatory, inspection and service statutes
2. Maximum price and rationing regulations
3. School lunch and direct distribution programs under Section 32
4. Compliance activities of the Compliance Branch
5. Contact work with food industries and other activities of Industry Operations Branch
6. Activities of the Marketing Facilities Branch
7. Activities of Marketing Reports Division

8. Civilian food requirements work of Civilian Food Requirements Branch
9. Activities of Nutrition Program Branch
10. Activities of Distribution Planning Branch except price support and subsidy activities
11. Activities relating to formulation, administration and enforcement of War Food Order program (except those assigned to other WFA agencies)

(b) Office of Supply was given responsibility for
1. Requirements and allocations Control
2. Program Liaison
3. Procurement and Price Support
4. Shipping and Storage
5. Activities in connection with administration of WFO's 71, 73, 74, 63 and 116
6. Plant facilities and financing
7. Activities involving use of CCC or Section 32 funds, except the school lunch and direct distribution programs
8. Requisition of food and acquisition of property
9. Activities relating to subsidy operations
10. Activities with respect to fruits and vegetables, livestock and livestock products, grain products (except feed), lard, fats and oils and all other processed food and food processing activities

(c) Office of Basic Commodities was given responsibility for
1. Cotton
2. Grain (Corn, wheat)
3. General crops
4. Hemp
5. Oilseeds
6. Sugar

b. Made a nominal distinction between service agencies of USDA and WFA and the staff agencies of WFA
(1) Staff agencies of WFA included:
(a) Office of Price
(b) Office of Surplus Property and Reconversion (established October 26, 1944)
(c) Office of Transportation
(d) Office of Water Utilization (established Nov. 10, 1944)
(e) National War Board

c. Made FCIC a separate program agency
d. CCC retained as "independent agency" but functions limited to "banking"

(1) Vice Presidents to include Director of Office of Supply and Director of Office of Basic Commodities (a third Vice President for Administrative and Fiscal Services to utilize powers)
(2) CCC Board of Directors reconstituted to include War Food Administrator as Chairman, President and 3 Vice Presidents of CCC, Chief of AAA, Director of Price and Director of Surplus Property and Reconversion

e. Comments
(1) Related to forthcoming resignation of M. Lee Marshall
(a) Rumored to have been planned by Marshall
(2) Related to rivalry between Olmstead and Kitchen
(3) Appointment of Frank Hancock Dec. 15, 1944 to serve as President of CCC and elimination of O. of P. forced resignation of Hutson whose appointment to OWM&R staff had been announced Dec. 5
(4) Food Field Reporter stated that reorganization was made (1) to supply a pattern for postwar organization, (2) to increase efficiency by splitting up some of overwhelming work load, (3) to provide an exit for Marshall

6. January 5, 1945 revision superseded the December 1944 reorganization before the former could be put into effect - (effectiveness made retroactive to Jan. 1, 1945)
a. Office of Basic Commodities, Office of Supply and parts of the Office of Marketing Services were consolidated into the CCC
b. Vice Presidents for Supply and for Basic Commodities were to report directly to the War Food Administrator of their program operations
c. School lunch and direct distribution functions assigned to OMS Dec. 1944 transferred to O. S.
d. President of the CCC to serve as chief executive officer and to be responsiblt for the general direction of and control over administrative and fiscal affairs of the CCC
(1) President authorized "to the fullest extent practicable" to consolidate the existing field staffs of the CCC
e. Comments
(1) Related to competition between Olmstead and Kitchen
(a) Statement made by Chief investigator of Tarver Committee quoting Huber (consultant in O. of D. Compliance Division) that this was sole reason for reorganization

(2) Hancock questioned whether President of CCC can be responsible for fiscal affairs of the CCC without having supervision over program operations at House Appropriation Hearings Feb. 27, 1945
   (a) March 14, 1945 memorandum provided that program dockets for CCC should be submitted to each member of Board of Directors five days before Board meeting - action in docket to be taken at Board meeting
   (b) In March 26, 1945 memo to Jones, Hancock stated impossible to draw a line between administration and fiscal affairs of CCC and program operations
(3) Reported that reporting of Vice Presidents to War Food Administration instea d of CCC president necessitated to fulfill promise to Olmstead

7. Office of Investigatory Services established March 23, 1945
   a. Related to investigations and allegations of congressional committees
   b. Olmstead had insisted on keeping investigation office of CCC under his jurisdiction
      (1) In March 26, memorandum to Hancock, stated that locating the investigation division of CCC in O. of S. (which he had requested) meant that an agency investigated its own operations

8. Functions of the Office of Supply of CCC related to the determination of food requirements and allocations transferred to Administrator's Office April 12, 1945
   a. Followed transfer of Olmstead from WFA
   b. Followed establishment of Crawley Committee
   c. Fitzgerald as special adviser to the Administrator to exercise above functions and to serve as chairman of Food Requirements and Allocations Committee including C.F.B. duties and to serve as chairman of Interagency Food Importation Committee

9. Office of Home Food Supply established June 5 with Paul C. Stark as Director (announced by White House) Stark appointed May 25

10. Comments
   a. Jones apparent policy to maintain the status quo as far as possible until latter part of his period as War Food Administrator
      (1) Discontinued administrative officer and executive type of staff organization set up by Davis
      (2) Discontinued previous attempts to consolidate or coordinate field agencies through FPA director (earlier through ACAA)

(a) Jones gave assurance that no attempt would be made to consolidate SCS with other agencies
1. In April 20, 1944 letter to Luther Johnson
2. Bennett in June 26, 1944 memorandum states morale of SCS employees very high because doubts and uncertainties have disappeared

(b) Jones apparently advised AAA and SCS administrators to work out plans for greater coordination
1. Committee (AAA-SCS) set up. Bennett reported close team work (May 31, 1945)

(c) Byrnes W.M.& R. (April 1, 1945) implied need to reorganize field agencies contacting farmers - suggesting Congress should look at program

(c) A few minor changes were made in the relative jurisdiction of the Office of Labor and the State Extension Organizations

(3) Inter-agency and inter-personal jealousies, fear of surplus accumulation and later pressure of Congress relating to food famine scare, among other factors, however, resulted in a series of reorganizations within the Office of Distribution and of reorganizations within the War Food Administration concerned with relationships between O. of D. and CCC

(a) Olmstead agreed with Chief investigator for Tarver Committee in June 8, 1945 statement that a continuous state of reorganization within the War Food Administration reflected unstable administration and resultant confusion

XVI. Relations with other Government agencies July 1943 through June 1945

A. Related to belief in early end of war and fear of being caught with surplus food stocks

1. Evidence of fear:

a. Jones clarified new policy of inventory control "consumption once lost is never regained" in May 1944 letter to Clayton

b. Jones in June 11th speech refers to our large supply of food and the current policy of constantly reviewing inventories

c. Olmstead's trip to G. B. and U.S.S.R. apparently motivated by concern over surpluses

d. Olmstead in September 9, 1944 letter to Jones reported U. K. is greater stocked than previously reported. Requirements for relief have been overstated. Our plans of what to do with food production behind.

e. Olmstead agreed with Congressman Cannon, February 15, 1945 statement that with.... end of war - drop on American farmer greatest surplus of food and fibers ever known in history of world

B. Requirements and allocations

1. Food Requirements and Allocations Committee established by War Food Administrator, October 28, 1943

a. Superseded Food Advisory Committee established by Executive Order #9280, December 1942, and the Inter-Agency Allocations Committee authorized by WFA Administrators Memo #7, May 26, 1943

b. Membership

(1) Director of Distribution to serve as chairman and to be the only voting member
(2) All U. S. agencies who are claimants for food either for domestic or foreign account

c. Related to Combined Food Board

(1) Chairman of Food Requirements and Allocations Committee designated War Food Administrator's representative and deputy on Combined Food Board
(2) Chairman authorized to designate U. S. Executive Officer for Combined Food Board
(3) Services of O.F.A.R. to be available to the Committee
(4) U. S. delegate instructed

2. On March 11, 1945, the Director of W.M.&R. announced establishment of the "Crowley" interagency committee to coordinate foreign shipments to "protect our domestic economy and support the war effort" - Jones a member of the committee

a. Appointment of committee related to disagreements between WFA and other agencies concerning the amount of food which should be spared from U. S. civilian supplies for relief and other purposes

(1) WFA announced on March 11th the discontinuance of filling military requests for extra rations until situation was clarified at White House level
(a) Proposed reduction of 25% in meat allocation for Army March 1945 and no allocation to be made to FEA. (Army and FEA threatened appeal to the highest quarters.)

b. WFA opposed proposed reductions as result of international negotiations in civilian allocations of fats and oils, soap, and sugar

(1) Hardship to civilians and force large numbers of firms out of business

C. Equipment and supplies needed for the food program

1. Jones protested to Nelson (November 23, 1943) the WPB Requirements Committee's denial of further expansion of bakery equipment production as falling within WFA's prerogative in determining essentiality of equipment and supplies needed for the food program

a. Nelson replied (February 3, 1944) that the WPB is "Unable to authorize the respective claimant agencies, including the WFA, to utilize their respective allotments of controlled materials irrespective of the Board's Limitation Orders"

2. Jones requested Byrnes (May 5, 1944) to call a meeting between Jones, Nelson and their respective farm machinery advisors to resolve differences

a. Preceded by April 20, 1944, protest to WPB concerning fainthearted cooperation on pushing farm machinery production and distribution

3. Secretary Wickard in a March 12, 1945, letter to Smith (BofB) - supply situation on farm machinery is deteriorating - real pinch in food is coming

4. Jones reported to have told chairman of House Food Investigating Committee that the food industry had not been allotted as much manpower and machinery as it needed to obtain essential food production - food situation might become so critical...

D. Rationing

1. Jones in a May 7, 1944, letter to Bowles outlines respective responsibilities of two offices

a. WFA has charge of the allocation of food and determines when rationing is necessary because of supply conditions

b. OPA's responsibility to do the actual rationing - the "mechanics of rationing"

2. Jones protested that announcement concerning end of the rationing of pork products, veal and lamb and cheaper cuts of beef was not cleared with WFA (May 7, 1944)

3. In July 14, 1944 letter to Bowles, Jones states rationing when it involves the raising of point values from zero or reducing to zero is not a joint responsibility

   a. Reluctant to authorize rationing on even better grades of beef and ham and pork loins - all rationing of beef except good and choice should be suspended

   b. Consequently Jones sent order to Federal Register without securing OPA's concurrence

   c. OPA replied would not object to the removal of rationing on utility grade of beef - but removal of other grades would have serious repercussions on beef price stabilization program

4. Referral of beef rationing dispute to OES for a final decision by OPA protested by Jones on the ground that it was not within OES jurisdiction

   a. If it were a joint responsibility, Jones wrote July 18, it would be within jurisdiction of OWM but sole responsibility of WFA

   b. However, Jones stated in July 18 letter to Vinson that he would ask that the publication of the order be withheld 10 days by FR

5. Beef rationing disagreement referred to OWM which did not rule on respective jurisdictions of WFA and OPA but upheld Jones decision to remove utility and (commercial) beef from rationing

   a. Jones in July 27 letter to Vinson justifies action because of shortage of feed supply and storage space and because of large supply

6. Division of authority between WFA and OPA on rationing September 1944

   a. Jones in September 14 letter to Byrnes states that he had consulted OPA although it was not necessary because decision was WFA's - may be necessary to take action hereafter more quickly

7. Jones refuses to discuss division of control over rationing with Bowles (Nov. 20, 1944) with reference to broadening OPA's authority

   a. Bowles contended:

      (1) OPA should have responsibility for directing the flow of food among classes of civilian users

b. Jones replied:

(1) Food rationing policy inseparable from production and allocation programs
(2) OPA must act as a service agency to WFA which determines when rationing is necessary and directs flow of food among classes of civilian users
(3) Attempted to keep OPA informed
(a). Invited to attend Food Requirements and Allocations Committee meetings
(4) Inopportune time to raise question since "nearing the time when such control may no longer be necessary"
(a). No change should be made now in rationing of processed foods and meats.

E. Prices and Subsidies

1. In a January 27, 1944 letter to Vinson, Jones stated that increased subsidy payments to milk producers ("as suggested by Byrnes") would be a violation of Senator Barkley's commitment to Congress

a. Jones proposed continuing current rates and announcing increased rates for March and April conditioned upon Congressional action

2. In a February 12, 1944 letter to Vinson, Jones stated that the problem of administering a purchase and resale program involving the entire 1944 packs of processed fruits and vegetables are beyond the facilities of WFA

a. Jones proposed a program under which WFA would purchase all offerings from certified processors of major canned fruits and vegetables and dried fruits packed in 1944 at 90% of processors' net civilian ceilings.

3. Jones declined to approve an order freezing the price manufacturers can pay for fluid milk as of their October prices (January 22, 1944 letter to Bowles)

4. Jones recommended to Bowles (April 6, 1944) that all ceiling prices on shell, dried, and frozen eggs be suspended until apparent again needed

5. December 5, 1944, controversy over watermelon ceiling

F. Farm Wage Stabilization

1. Jones protested Vinson's authorization to establish wage ceilings "in other major asparagus producing areas" because of provisions in the Appropriation Bill and understanding with Congress

2. Vinson requested WFA to explore the possibilities of stabilizing wages in the dairy industry

G. Slaughter Control Program

1. Jones declined to adopt slaughter control program on or before April 1 as suggested by Bowles (March 22, 1944 letter to Bowles)

a. Jones suggested that set aside orders were a more effective means of obtaining needed supplies

H. Forest Service Land

1. Wickard in a March 7 letter to Budget Director Smith protested proposed transfer of jurisdiction over some 26,000,000 acres of FS land to Interior Department for Grazing Service

I. Department objections to Interior Department's claim that technical workers in foreign fields of interest to agriculture should be employees of Interior

1. In May 7 memorandum to Hamilton Wheeler points to advantages of working with employees of State Department and recent agreement of latter Department to appoint 68 to 90 specific agricultural officers

J. Organization and Personnel

1. Hutson appointed to OWM&R to work on agricultural policy December 5, 1944

2. OWM&R report of April 1, 1945, implied need for consolidation of USDA agencies reaching farmers

XVII. Outside pressures for organizational and policy changes within the War Food Administration and the Department of Agriculture, June 1943 to July 1945

A. Labor Unions

1. Requested Jones to set up a labor policy advisory committee similar to OPA Committee

a. Luhrsen, Executive Secretary of Railway Executive Committee, January 10, 1944

b. Philip Murray, President of CIO, January 12, 1944

2. Jones met with labor representatives but apparently initiated no plans for formal channels between WFA and labor organizations

a. Reported to have said he would consult informally

B. Food Trade

1. Cooperative information program with War Advertising Council continued

   a. Sidney Johnson as WFA Director of Advertising promoted a "Sales Promotion Program" for no-point and low-point foods

2. FDA worked with food industry groups to develop a program for disposing of excess food stocks - bill drawn up by Food Trade

   a. Promoted by Roy Hendrickson prior to his transfer from WFA to UNRRA effective January 15, 1944

3. Appointment of M. Lee Marshall to head FDA interpreted by Food Field Reporter to mean much closer cooperation between WFA and trade

   a. Industry confidence in Marshall reported by FFR as complete while some industry men had distrusted Henrickson

   b. Marshall expressed belief "same practical methods, same policies - which apply to the ethical and legitimate operation of successful business" can be applied to administration of FDA

4. National Food Brokers' Association proposed that brokers should become agents of the Government in the distribution of surplus foods

   a. Top committee representing WFA, OPA, chains, independent retailers and wholesalers should be created to stand between WFA and the armed forces

      (1) To determine what policies should govern distribution of surplus foods
      (2) To determine what foods might be declared surplus
          (a) To have access to Government records

   b. Brokers would act only upon orders of WFA

      (1) Brokers would receive a fee but would make little or no profit
      (2) Brokers would use own offices and staffs saving expense of maintaining Government facilities

   c. WFA officials turned down the proposal as abandonment of duties to an industry group but promised to consult food industry advisory committees

5. Food Industry War Committee's recommendations of principles to govern prevention and disposition of Government surpluses were sent to Jones. These included:

   a. Strict buying controls

   b. Proper timing of surplus offerings

   c. Thorough inventory controls

   d. Studies of markets and methods of offering surpluses

   e. Use of industry advisory committees

   f. Registration of buyers

   g. Surplus stocks held abroad (if not moved directly into consumption) should be sold or otherwise disposed of with safeguards against commercial re-importation into U.S.

6. Reported by F.F.R. that a plan was drawn up by food trade to have OD Director establish an industry advisory board in Washington

   a. To be composed of 18 men - 3 drawn each of the following organizations, OD, OPA, canners, wholesalers, and chain men, brokers and retailers

      (1) Group to have access to all Government stockpile figures and to offer detailed advice on surpluses
      (2) Surplus sales in field to be arranged through industry advisory committee in 85 trade and 24 regional areas

7. FIMC renewed recommendations (before Smith Committee) for appointment of a separate administrator for sugar (FFR, April 2, 1945)

C. Congressional Committees

1. House Appropriations Committee recommended

   a. Prohibition of use of funds for wage stabilization

   b. Prohibition of use of funds for promulgation of execution of orders under which assessments are made against producers or handlers of agricultural products for administration of such orders

   c. Reduction of 150,000 in BAE funds for economic investigations because some of BAE's activities seem designed to create a much more favorable impression than might be justified of benefits from agricultural program

d. Reduction of $750,000 in funds for AAA administrative expenses as recommended by the Bureau of the Budget

e. Continued liquidation of FCIC

f. Prohibition against use of funds for salary of any employee who engages in any political or lobbying activity - including engaging in activities designed to influence action of Congress with respect to appropriations or legislation

g. Prohibition against use of funds for soil and water conservation operations in demonstration projects

2. Tarver Committee in June 27, 1945 report under H.R. 250 charged:

a. Lack of coordination within the WFA

(1) Confusion concerning responsibilities of administrative officials due in part to frequent reorganizations
(2) Some branches have lacked proper supervision
(3) Stated impossible for Olmstead to dodge responsibility

b. Lax personnel policies within WFA

(1) Manpower shortage as such cannot excuse the placing of incompetent persons in responsible positions or their retention after incompetency has been determined

c. Although inquiry did not attempt to cover all activities of WFA - "the sample reviewed would indicate the desirability of officials of WFA reviewing all operations for efficient administration

3. Anderson Committee (Special Committee to Investigate Food Shortages created (vote of 292 to 7) pursuant to H. Res. 195) in May 1, 1945, criticized Government meat programs and recommended that the President consider the problem of needed coordination of the entire food program

D. Farm Organizations

1. Farm Bureau (March 6, 1944 statement of O'Neal)

a. Charged duplication and overlapping and called for creation of a five-man nonpartisan board within the USDA

(1) Independent in position with regard to other bureaus and agencies of Government
(2) Cover administration of AAA, FCIC, surplus marketing and disposal, CCC, SCS, and planning activities now in BAE
(3) State Committees for administration of AAA, FCIC and SFA and CCC programs insofar as State administration is practicable to be selected by the Federal Board from nominations submitted by State Extension Director after consultation with State-wide membership farm organization
(4) State Extension Service should administer SCS, home and farm management phases of FSA and for the State-wide planning program of the BAE
(5) Functions and activities of the present county committee as now constituted and their relation to county agent should be continued with county committees responsible to State Committee

b. AAA

(1) Recommended that State College Experiment Stations approve proposed AAA soil conservation practices for each State before such practices became effective
(2) To eliminate unnecessary Government employees and needless expenditure
  (a) Educational, informational, and promotional work in connection with conservation program be assigned to agricultural extension services of State and counties
  (b) Prohibition on use of funds for the employment of State AAA "program specialists" and "State committee field men"
  (c) Provision against employment of State and county AAA information employees be continued and made effective
(3) Provision prohibiting the payment of salaries to any full-time employee who engages in political or lobbying activities
  (a) Cited misuse of AAA personnel to lobby for incentive payments, subsidies, and other political programs conceived in Washington
(4) AAA be directed to discontinue distribution of fertilizer, limestone, seed and other commodities
(5) AAA budget for administrative expense be reduced proportionately to the reduction of work
  (a) Previous retrenchments have been made almost entirely at the expense of the county and community committeemen without corresponding reductions at State and National levels

c. Food Distribution Administration (O. of D.)

(1) Charged FDA had embarked upon a full-scale program of all-out control of food processing and distribution based on a philosophy of total regimentation
(2) Proper investigation will show that it is greatly overstaffed resulting in duplication of activities and consequent impairment of effectiveness

d. Prohibit the use of any Government funds to regulate farm wages

(1) Under the guise of controlling farm wages a new bureaucracy has sprung up in the WFA
(2) So-called stabilization plans have served to create unrest and confusion
(3) Indirectly imposing the principle of mandatory collective bargaining
(a) Opens the door to industrial labor controls to regiment farmers and farm workers

e. FSA

(1) Appropriations to the extent of justifiable need during fiscal year
(2) Funds for administrative expense should be drastically reduced
(3) Continue limitation on use of funds for collective farming cooperative farming, etc.

2. National Farmers' Union (April 26, 1944 statement), before Senate Appropriation Committee

a. Advocated substitution of individual contracts with farmers during the war for practice of setting production goals and support prices

(1) No sound reason for the Government to try to carry on a wartime food production program in the loose and haphazard manner which has characterized WFA operations the last two years

b. Advocated continuance of and adequate appropriations for:

(1) FSA
(2) FCIC
(3) School lunch program

(Apr. 26, 1944) 3. Spokesmen for National Council of Farmer Cooperatives; Cooperative GLF Exchange; Michigan State Farm Bureau (Farm Bureau Services, Inc.) Farm Bureau Fruit Products Co.; So. States Cooperative, Inc.; Eastern States Farmer Exchange - recommended legislation restricting activities of governmental agencies in actual distribution of farm production supplies

E. Post-war Agricultural Policy Committee of the Land Grant College Association (October 1944 report)

1. Responsibility for all action programs dealing with farm land conservation on the national level should be unified under one agency

2. Federal aid for soil conservation - whether for education, research or action programs - should in large part be administered through the appropriate state agencies, in accordance with the well accepted grant-in-aid principle

a. To achieve satisfactory coordination and avoid needless duplication

3. Recommended establishment of a permanent national agricultural policy committee composed of representatives from the Land-Grant College, the USDA and the national farm organizations

a. Thorough consideration, both as to content and method of execution should be given by this committee before any major agricultural legislation is introduced or any important administrative program is inaugurated

b. Facilitate a flow of suggestions and opinions, in both directions between the national committee and the various state committees

c. Committee should consider methods of securing better coordination and of avoiding duplication in the dissemination of information on agricultural and home economics

d. Committee should consider the best organization of governmental agencies, including the place and function of regional offices

4. State agricultural policy committees composed of leading farm men and women as well as representatives of the Land-Grant College and other agencies serving agriculture

a. State committees, working in close cooperation with their respective Land-Grant Colleges, need to take a good deal of initiative in postwar planning for agriculture

b. State committees should present its report and recommendations to county councils and other groups

5. Need for the formation of a county-wide council

a. Adapt state committee report to local conditions

b. Develop a working program for the county

(1) Neighborhood leader system might be used

F. Consumer and Home Economics and Other Groups (Feb. 28, 1944)

1. American Home Economics Association

a. Requested an addition of 675,000 to Bureau of Budget's estimated appropriation for BHN&HE to be expended in cooperation with the states.

(1) Permanent advisory committee appointed to advise ARA Director to BHN&HE

2. Women's joint congressional committee for the National Service Star Legion, National Council of Jewish Women, American Association of University Women, Women's National Homeopathic Medical Fraternity, American Dietetic Association on the Women's Joint Congressional Committee added their support to American Home Economics Association for an increase in the appropriation of BHN&HE

3. Food for Freedom (October 3, 1944 Meeting with Jones) protested governments rationing policy.

a. Contrary to public opinion.

b. Stimulates surplus psychology.

4. Resumption of rationing of meats and canned vegetables reported to have been urged by representatives of 16 organizations who called on Mrs. Roosevelt December 1944.

XVIII. Continued pressure for the concentration of additional food authority

A. Food Trade (and Business)

1. Lou Maxon (former Deputy Administrator of OPA) stated that not one of five men now handling food has the necessary qualities or background and stated a need for an over-all food head, Sept. 16, 1943.

2. August 9, 1943 food conference of Michigan farmers, processors and distributors declared need for the unification of food production, processing, and distribution under one Government agency.
   a. Placed in Congressional Record Sept. 17, 1943 by Crawford
   b. Placed in Congressional Record Oct. 7, 1943 by Jonkman

3. Agricultural Committee of Chamber of Commerce in a 1943 resolution recommended centralization and clarification of administrative authority

4. C. L. Farrington of National Livestock Exchange recommended (March 28, 1944) that the entire control of food particularly livestock and meats, be centered in a single agency.
   a. Agency to be separate and apart from OPA
   b. Personnel of agency to consist of experienced industry men

5. President of National League of Wholesale Fresh Fruit and Vegetable Distributors in April 24, 1944 testimony stated that placing of entire control over food prices in the War Food Administrator as petitioned by farm organization is most logical procedure
   a. If this could not be accomplished OPA should accept decision of WFA in cases where they fail to agree over farm prices
   b. Participation of OES should be restricted to cases in which the authorized agencies fail to agree
   c. Participation of WFA should be excluded in price ceiling action upon other than the determination of farm prices and appropriate mark-ups for packing and loading for shipment

6. Rose Marie Kiefer, Secretary-Manager of the National Association of Retail Grocers, in an April 16, 1945 statement recommended the establishment of one head completely responsible for food from production through distribution

7. The Livestock and Meat Council urged (April 16, 1945 testimony) immediate establishment of a centralized food authority to have control of all necessary governmental regulations affecting livestock and meat

8. Paul S. Willis, President of GMA recommended the establishment of a food administrator with power to unsnarl the food problem (May 1945 statement)
   a. Willis commended Jones(accomplishment (with limited authority) but named Chester Davis as a man capable of handling the situation if given necessary authority

B. Farm Organizations

1. Farm Bureau
   a. September 15, 1943 recommendations to the President for a practical war food program contained statement that governmental authority required over production, processing, distribution, rationing, and prices should be concentrated in the War Food Administrator (Placed in Congressional Record by Pace and Capper, September 17 and 21)
   b. In March 30, 1944 statement before Senate Banking and Currency Committee O'Neal said "The farmers of the Nation are demanding the centralization of the food program at one place, in the WFA ...
      (1) Important that War Food Administrator be given final authority
         (a) Congress' will should not be nullified by agencies set up by Executive Order

2. National Grange
   a. Goss in a March 30 statement recommended that the whole problem of food production and distribution including price control and rationing be placed under the War Food Administrator

3. American National Livestock Association
   a. F. E. Mollen, Executive Secretary, in an April 24, 1944 statement, urged the establishment of a single agency with complete control over all phases of food production, price control, rationing, quotas, set-asides, etc.

4. National Council of Farmer Cooperatives
   a. In a January 6, 1944 resolution recommended that the administration of all the phases of pricing, distribution, regulation, and production of food supplies be consolidated in one overall food administration made up of a food board
      (1) Board to be composed of nonpartisan representatives or recognized producer, distributor, and consumer interests representatives
      (2) "Administered by the board members through a practical executive director"
      (3) Board should be responsible to Congress

C. Congress

1. Individual congressmen
   a. Those endorsing and urging passage of Fulmer (HR 2837) and Jenkins Bills (HR 2739) of 1943
      (1) Hill of Colorado - Oct. 9, 1943
      (2) Mundt - Nov. 8, 1943; Nov. 29, 1943; Dec. 20, 1943
      (3) Phillips - Nov. 8, 1943; Dec. 3, 1943
      (4) Landis - Nov. 13, 1943

(5) Herter - Nov. 19, 1943
(6) Merrow - Nov. 30, 1943
(7) Horan - Dec. 7, 1943
(8) Jonkman - Dec. 8, 1943 - "Philosophy of controlled economy exemplified in consumer subsidies has barred consideration of Fulmer bill as an agency of free economic philosophy"

b. Those criticizing lack of coordination and urging single administrator
(1) Murray - Oct. 20, 1943
(2) Wiley - Nov. 2, 1943; Nov. 17, 1943
(3) Rees - Nov. 16, 1943. Mr. Rees in an Oct. 18, 1944 statement commented on dire need of competent central authority to act on food
(4) Gathings - Dec. 8, 1943

2. Republican Food Study Committee
a. Jonkman (Oct. 18) - the Committee has spent more than a year pleading for the appointment of a single food administrator
b. Report issued November 8th called for single food administrator
c. Buffett (Nov. 12) - Republican food study committee urged appointment of single food administrator as practical approach
d. Jenkins stated that he introduced HR 2739 for single food administrator as a result of the instructions of the Republican Congressional Food Study Committee
e. H. R. 2616 to establish a Food Administration in the Department of Agriculture introduced March 1945
f. May 22, 1945 House Republican Food Study Committee denounced meat program proposed by OES and urged centralized control over food
g. Republican Congressional Food Study Committee recommended (June 6, 1945) that all authority over food be removed from OES and placed in Agriculture

3. The Special Committee to Investigate Food Shortages (Anderson Committee) in a May 1, 1945 report recommended that the President immediately consider the problem of needed coördination of the entire food program

4. In an interim report the Senate Food Investigating Committee recommended (May 15) the creation of a supreme Administrator for food to have supervision and jurisdiction over both the Office of Price Administration and the War Food Administration
a. Proposed because of failure of OPA, WFA, and FEA to cooperate

5. 1945 attempts to amend the Emergency Price Control Act by transferring OPA price powers to the Department of Agriculture

a. June 20 the House voted 145 to 143 in favor of Jenkins amendment
   (1) Reported to have been adapted from Herbert Hoover's recommendations
   (2) Newly appointed Secretary Anderson told House members it would place too much authority in the Department of Agriculture
   (3) Republican members reported to have referred to the press report stating that President Truman in promising improvement in the meat situation had forecast a single control over prices and food

b. Anderson amendment to give Secretary of Agriculture a veto over regulations of any other agency affecting agriculture passed House 211 to 155 (163 Republicans and 48 Democrats voted for the Bill)

D. Prominent individuals

1. Herbert Hoover
   a. In a letter to Representative Jenkins recommended that the Secretary of Agriculture should not only be food administrator but should have additional powers transferred to him
      (1) All price and other powers of OPA concerned with animal and animal products except mechanics of rationing
      (2) Control of all allocation and buying of major animal products for armed forces, lend lease and relief
   b. Recommended that Secretary should organize Department to have:
      (1) An administrator of animal products
      (2) Organize a national war committee of livestock growers, of packers, of commission men, of animal products retailers

XIX. With the close of the European war, the War Food Administration was merged into the Department of Agriculture by Executive Order 9577 (effective July 1, 1945)

A. Appointment of Clinton P. Anderson as Secretary of Agriculture had been announced May 23, 1945 (Oath of Office taken July 1)

1. Related to Marvin Jones desire to return to the bench

2. Related to public and congressional reaction to meat shortages
   a. Related to Anderson's work as chairman of the House Investigation Committee which was critical of WFA administration relative to meat and other commodity shortages

b. President reported to have promised a solution to the meat problem after appointing Anderson

3. Assumed that Anderson would be given additional authority
   a. Congressional attempts to transfer OPA authority over prices discussed earlier
   b. President reported to have promised food czar powers on June 21 but the Statement was officially denied June 23
   c. Editor of Dairy Record in June 26th letter to Anderson stated that many functions vested in OPA should be under WFA

B. Hutson appointed as Under Secretary

XX. Organizational changes following Executive Order 9577

A. Recommendations made to the Secretary concerning Department organization and personnel
   1. Eisenhower committee on organization appointed by the Secretary on the day he assumed office
      a. Composed of Eisenhower, Thorne, Tapp, Gaumnitz, Davis, Ronald, Moore, (Perkins sat in as a consultant) and of selected Department leaders
      b. Recommendations incorporated into organizational changes
      c. Secretary stated that the committee has "autonomous" status

   2. Recommendations concerning commodity organization, industry advisors, and industry committee
      a. Carl Sapp in June 28 memorandum proposed the appointment of commodity coordinators
      b. Adams of Standard Brands, Inc. in May 29 letter to Anderson states that the food industry has suffered from divided authority but that new Secretary has confidence of producers, processors, distributors and consumers and urges that advice of Lee Marshall and Chester Davis be sought
      c. Dairy Record editor in June 26th letter recommended organization by commodity lines as more logical than existing USDA organization and stated that many OPA functions should be in WFA
      d. Catz, President Assoc. of Feed Distributors in June 29th letter to Anderson urged that Trade should have a bigger voice in determining policy and complained that Trade has not been able to function properly because of secrecy
      e. Herbert Hoover proposed (July 1, 1945) that the Secretary secure another William Jeffers to take complete control of meats and fats

f. Allen Walker of American Institute of Food Distributors, Inc. recommended appointment of commodity chiefs (July 3, 1945 letter to Anderson)
g. Stein of Stein Hall and Co. Inc. recommended commodity type of organization because the functional type makes for a cloudy delineation of authority (July 5th letter)
h. Mayor LaGuardia in a July 7 letter urged Anderson to consult Lee Marshall because he knows merchandising had sound judgment and has both farmers and consumers slant
i. Toulme, Executive Vice President of National Wholesaler Grocers Association, recommended that the Department be organized so that food distribution would be handled with understanding and a broad viewpoint - and that the USDA make a permanent place for the National Wholesale Food Industry Advisory Committee (July 12 letter)
j. Luther Hodges of Marshall Field Mfg. Co. commends Anderson on statement at Cotton Exchange meeting that he wants the advice of industry (Hodges states that Cotton Exchange people have been at daggers points with the Department and Administration

3. Recommendations made concerning changes in the Department's organization for statistical work
   a. North Central Commissioners of Agriculture meeting in July passed a resolution for the establishment of a Bureau of Statistics
      (1) Deplored confusion caused by conflicting statistical estimates
   b. Virginia Commissioner of Agriculture wrote Aug. 1 to add his approval to proposal for a separate Bureau of Statistics
   c. Wisconsin State Director of Agriculture urged the establishment of a "Bureau of Agricultural Data" (August 8)
      (1) Eliminate confusion
      (2) Separate from planning
   d. Governor of Wyoming in August 9 letter notes duplication in agencies gathering statistics and urges work be done through Federal State Agricultural Statistician

4. Recommendations concerning an organization for Rural Health work within the Department
   a. Proposal for the establishment of an Office of Rural Health Services apparently drawn up within the FSA
      (1) Jump questions authority, jurisdiction and alternate means

5. Recommendations concerning the organization of nutrition work in the Department
   a. Mark Graubard proposed the establishment of an office within the Department to carry on an educational campaign with organization (including labor unions, business clubs, womens organizations) concerning food and nutrition
   b. Lawrence Myers (Asst. to the Secretary) notes that there are two fields in which nutrition research will have to be done in Agriculture or it will be necessary to develop a new department
      (1) Determination of nutritive value of foods
      (2) Interplay between fundamental facts discovered in research on animal nutrition and work in human nutrition (also the evaluation of consumption levels)

6. Proposal for the establishment of a staff office for organization and management analysis
   a. Eisenhower (in July 31 letter) stated hope that a new unit could be set up at Secretary's level which would give continuous thought to administrative management problems

7. Recommendations concerning the field organization
   a. Coordination of field activities through the Extension Service
      (1) Maryland Committee of County Agents recommended that the county agent should be the coordinator
   b. Use of War Board organization to coordinate field programs in post-war period
      (1) Plans apparently developed in Washington War Board Office
         a. Stated on July 5, 1945 that such plans would have reached if it had not been delayed by administrative changes in USDA
      (2) State War Boards repeated former requests for a definition of their functions
         (a) Should be reorganized or discontinued since have little work
   c. Appointment of an administrator
      (1) Carl Hinton of USDA field staff at Anderson's invitation presented views on "one man control" of state field offices to Eisenhower committee
         (a) Stated that Committee agreed in principle but would have to proceed with caution by first merging 4 or 5 agencies
         (b) Anderson wrote to Hinton that reorganization announcement was held up to work out one man control
   d. Consolidation of SCS with other agencies
      (1) North Dakota Farmers' Union passed a resolution opposing the consolidation of SCS and Extension (Sent to Secretary July 30, 1945)

B. Changes in organization

1. Production and Marketing Administration established August 20, 1945
   a. Consolidated the following agencies:
      (1) Office of Basic Commodities
      (2) Office of Supply
      (3) Office of President of CCC
      (4) F. C. I. C.
      (5) Office of Marketing Services
      (6) Agricultural Adjustment Agency
      (7) Office of Requirements and Allocations
      (8) Office of Price
      (9) Office of Transportation
      (10) Office of Materials and Facilities
      (11) Office of Labor
      (12) Office of Home Food Supply
      (13) Office of Investigatory Services
      (14) F.S.C.C. in liquidation
   b. Nineteen branches were established within the P.M.A.
      (1) Ten commodity branches to be responsible in general for all action programs affecting the various commodities
      (2) A Field Service Branch "to formulate and administer agricultural conservation programs, crop insurance programs, and to exercise general supervision over the state Field Service Offices and to be responsible for administration in the field of P. and M. A. programs dealing directly with farmers
         (a) Stated as Department's intention to appoint a State director of the Field Service and to transfer the regional offices of the Office of Supply to the State offices
            1. State Directors appointed in 30 States
      (3) Food Distribution Programs Branch to serve as claimant for civilians, food rationing, school lunch, direct distribution, cooperation with federal, state, and other agencies on nutrition, and industrial feeding programs
      (4) Materials and Equipment Branch to carry out functions formerly carried out by O.M. & F.
      (5) Shipping and Storage Branch to be responsible for shipping and storage of commodities
      (6) Marketing Facilities Branch - to be responsible for the administration of U. S. Warehousing Act, 28 Hour Act and others
      (7) Labor Branch - to be responsible for functions formerly carried out by the Office of Labor
      (8) Fiscal Branch
      (9) Budget and Management Branch
      (10) Compliance and Investigation Branch

c. The following staff offices were established;
   (1) Office of Requirements and Allocations
   (2) Office of Price
   (3) Information Service
d. Organization amended on October 8, 1945 by establishing the FCIC as a separate corporation

2. Assistant Secretary of Agriculture was assigned responsibility for the coordination and general supervision of the policies and activities of the Department relating to land and water resources
   a. Personnel Office of Water Utilization transferred to staff of Secretary's office
   b. Position of Land Use Coordinator and Office of Water Utilization abolished
      (1) Action protested by Eisenhower

3. Comments
   a. Plans drawn up before the close of the Japanese war but Eisenhower and Department officials declared organization should serve as well in peace time
      (1) Question whether post war problems will not require more emphasis on functions rather commodities
   b. No provision apparent for a functional staff organization adequate to coordinate the work of the commodity czars in terms of major department objectives and functions such as nutrition
   c. Establishment of commodity czars tend to make it easier for vested commodity interests to influence the Department
   d. Difficulty of combining production and marketing organization at the state level noted by B. of B. which recommended combination at the regional level
   e. Difficulty Problems of operating without a regional organization
      (1) Relative to complexity of administrative problems
      (2) Relative to farm organization and other pressures
   f. Organization and personnel plans apparently cleared with members of Congress and farm organization heads

XXI. Outside pressures exerted on the Department following the appointment of Secretary Anderson

A. Congress

1. Organization plans cleared with congressional leaders

2. Congressional representatives from some States made strong recommendations concerning the appointment of personnel

a. Anderson wrote to Arkansas candidate (and apparently personal friend) for State Director of P. & M. A. that the Arkansas delegation was opposed to him and that a "life size battle" was in progress
b. Congressmen from other states wrote endorsing their favorite candidate, and opposing other candidates

3. Anderson in memorandum to Hancock stated I have "no congressional headache while you are head of FSA"

B. Political Parties

1. Some State chairmen of Democratic Party urged that they be consulted before state directors of P. & M. A. were appointed
   a. Rice of Kansas wrote to Hannegan that consultation on appointments and reappointments would strengthen party organization in each state since "most of original appointments were on a nonpolitical basis"
      (1) Hutson stated that any changes in Kansas were being held up until they could be discussed with Rice

2. Roach of Democratic National Committee wrote to Under Secretary Hutson that an arrangement for consultation with state party leaders should be worked out

FOOD PROGRAM IN GREAT BRITAIN DURING WORLD WAR II

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration
August 18, 1950

Note

This discussion of the food program in Great Britain during World War II is based to some extent on interview notes but largely on various books, pamphlets and articles. Part of this source material was prepared and issued by the British Government and part of it has been prepared by reputable outside sources. A brief bibliography of selected items is attached as Appendix C.

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FOOD PROGRAM IN GREAT BRITAIN DURING WORLD WAR II

I. General Comparison of British and American Wartime Food Programs. In actual practice the wartime food controls in Great Britain were more strict than those which were used in the United States. There were good reasons for this difference. Great Britain (i.e., England, Scotland and Wales) imported a large percentage of its available food supply and during a period of active warfare it was more difficult to bring supplies into the country. At the same time, the relatively small land area made difficult a substantial increase in home agricultural production. Of less significance to the total food supply were the frequent bombing raids which affected the local movement of food and caused some damage to food stocks. (See Appendix C.)

Not only were strict controls more necessary in Great Britain because of the limited supplies in relation to demand, but control was easier. This was true partly because the country was smaller and there were fewer control points. It was also true because the war was closer to Great Britain and every bombing raid emphasized the importance of complete unity of action to keep the food job moving. Under these circumstances the public was ready to accept strict controls. At the same time the desire to cooperate made it possible for the government to exercise its control to a considerable extent through normal trade channels and to make use of skills and knowledge of the pre-war traders.

Strict control was evidenced in the production program. The wartime county agricultural executive committees were given the authority to dispossess owners and tenants who failed, after sufficient warning, to do a good job of farming. Because of the prevailing spirit of cooperation, this authority was rarely exercised.

One of the foundations of the food distribution program was the principle that the government should control either through ownership at some stage in the distribution or other means the supply of all important foods and feeding stuffs. All imported foods were purchased by the Ministry of Food; usually through agents, and focal points were established for the control of domestic production. The degree of control varied widely by commodity. Meat, for example, was rigidly controlled with state ownership extending right down to the last level of the distribution chain. On other commodities where state ownership did not extend beyond the first line of distribution to wholesalers, control was effected through a system of licensing and buying permits. Control over processing extended in some cases to the consolidation of firms and the elimination of brand names. During the war, for example, the number of slaughterhouses was reduced by 95 percent. Transportation zones were established to economize transportation and each wholesaler could deal only with retailers in his zone. Consumers were expected to register with retailers in order to obtain certain commodities. Especially strict food controls were developed and held in readiness in the event of an invasion.

The food organizations used in Great Britain and in the United States differed to some extent. In Great Britain responsibility for distribution

of supplies, rationing and maximum prices was vested largely in the Ministry of Food and the responsibility for food production was assigned to the Ministry of Agriculture. In the United States, responsibility for rationing and price control programs were separated from the agency which had primary responsibility for food production and distribution programs.

Although food control in Great Birtain was more rigid than in the United States, there were many basic similarities in the programs. The objective of supplying food of sufficient quantity and quality to the people who needed it was the same. In both countries there was a recognition of the interdependence of supply planning and distribution, rationing of consumer demand and price control. The United States system of consumer rationing and price control had many similarities to the British pattern. Both countries recognized the importance of stimulating agricultural production and directing it toward wartime needs.

If another war should be fought along the same lines as the last, the circumstances which caused the British program to differ somewhat from the program in the United States would still exist. However, if it is assumed that another war might bring to the United States bombing raids of devastating proportions, more rigid food controls would undoubtedly have to be installed, perhaps in some cases along the lines of the British system. British experience with decentralized organization and with emergency food stocks and feeding plans should be helpful. But even in the face of bombing raids, it is doubtful that we could copy exactly the British food program. In the first place, the pressure on food supplies in the United States would continue to be less because we are less dependent on imports and our productive capacity is so much greater. The large size of the United States makes the selection of a few basic control points much more difficult, and the basic temper of the public in the United States is less amenable to state management.

Some background on the manner in which the British faced up to their food problems is desirable even though we do not plan to copy the British system. The broader our knowledge, the easier it is to view our own problems objectively and in relation to the total world economy. Also we will undoubtedly continue to work closely with the British, and an understanding of their experiences should make our relationships easier.

In the following sections the food program in Great Britain during World War II will be explained in more detail.

II. Food Program Objectives. From the beginning of World War II the British recognized the need for adequate food controls so as to insure everyone a sufficient supply of the right type of food. To carry out this broad objective it was clear from the beginning that the following steps would have to be taken:

Increase production at home and keep the quantity and proportion of food in line with the government's general food policy.

Control food supplies including food imports and channel supplies equitably throughout the distribution system.

Control demand for food and food purchasing power by rationing, price control and subsidies.

Educate consumers to make better use of available food and to know the food policy of the government.

Set up an organization to achieve this end.

In the following discussion, matters of agency responsibility and organization will be considered first.

III. Agency Responsibility and Organization. Responsibility for the basic planning of food supplies and responsibility for food distribution programs in Great Britain was concentrated in the Ministry of Food. Agricultural production programs were a responsibility of the Ministry of Agriculture. It should be noted, however, that the responsibility for agricultural production was somewhat divided since there was a department of agriculture for England and Wales and another for Scotland. Each department followed essentially the same organizational and policy pattern.

A close working relationship existed between the Ministry of Food and the Ministry of Agriculture. This was particularly true of supply estimates which stemmed largely from the Ministry of Food. It was also true of farm prices, subsidies, and the rationing of feeding stuffs.

Despite the necessarily close relationship, the two ministries tended to conflict at times since the Ministry of Agriculture represented primarily the producer interests and the Ministry of Food represented the traders and consumers. One study of the British food situation went so far as to say:

> "The separation of the Ministry of Agriculture from the Ministry of Food has complicated British food control, and it is almost universally agreed that a single body with all aspects of food policy would be infinitely preferable if it were politically feasible." 1/

Both the Ministry of Food and the Ministry of Agriculture were organized on the principle that planning should be centralized but execution of the plans should be decentralized. Decentralization made it easier to obtain local cooperation and it also facilitated the formation of units which could be self-contained in the event of extreme emergency.

1/ International Labour Office "Food Control in Great Britain" - Montreal 1942 - p. 172.

Although this discussion places emphasis on the Ministry of Food and the Ministry of Agriculture, it should be noted that both cooperated with numerous other organizations and groups both inside and outside the government. The war food organization in Great Britain is summarized graphically in Exhibit A.

A. Ministry of Agriculture. The Ministry of Agriculture serving England and Wales had very little headquarters organization. It operated largely through a system of County War Agricultural Executive Committees which were responsible for the local administration of agricultural production policy. Each of the 62 committees was made up of from eight to 12 members personally appointed by the Minister of Agriculture. The members served without pay and they represented landowners, farmers and farm workers. Each committee had a number of subcommittees on such subjects as cultivation, labor, machinery, land drainage, livestock, feeding stuffs, etc. Each committee had a paid executive officer and several technical assistants. Responsibilities of the committees included preservation and maintenance of agricultural land for food production, control of cultivation, management and use, termination of tenancy on poorly farmed land, instruction on rodent control, etc.

Each county committee in turn appointed on an average of seven or eight district committees. Members of these committees also served voluntarily and most of them had technical advisors.

Close working contact between the Ministry and the committees was maintained through various liaison officers.

The Ministry of Agriculture exercised considerable influence over research. This was accomplished in part through the Agricultural Research Council which was an agency of the government. Extensive use was made of private research facilities and technical personnel from experiment stations and universities were attached to the Agricultural Executive Committees.

The Department of Agriculture in Scotland had almost the same organization, although there was more centralization of control on some matters and the Agricultural Executive Committees in Scotland covered a smaller territory.

B. Ministry of Food. The Ministry of Food had a more complex organization which served all of Great Britain and Northern Ireland. Under the Minister of Food the headquarters organization was divided into two major segments. The Permanent Secretary, in charge of one of these segments, supervised the so-called General Department which was responsible for supply and distribution plans and public relations. He also supervised the

administrative staff offices and the Divisional and Local Services Department which had responsibility for a far-reaching field organization concerned primarily with communal feeding programs and rationing. The Commercial Secretary was in charge of the other major segment of the headquarters organization. This segment included ten commodity divisions which were responsible through separate field offices for overall supply and distribution.

The field organization under the Divisional and Local Services Department was concerned partly with food for people and partly with the rationing of animal feeding stuffs.

The field organization dealing with food for human consumption consisted at the top of 19 Divisional Food Officers whose jurisdiction followed the Civil Defense Regions. Each Divisional Food Officer was responsible for the uniform and effective administration of the program in his district and he was assisted by deputies for such matters as rationing, catering, enforcement, wartime meals, etc. The Divisional Food Officers appointed local Food Executive Officers who were in charge of food administration in local government areas. The local food officers were concerned with licensing retailers, issuing ration books and buying permits, issuing clothing books and providing general information. The local Food Executive Officers were assisted by Food Control Committees, the members of which represented consumers, traders, labor, etc. The committees made recommendations on the licensing of retailers, and enforcement matters. So-called Voluntary Food Organizers were established in small local areas which might be cut off in the event of an invasion. Somewhat out of the line of command were the five Chief Divisional Food Officers whose main job was to serve as liaison with the military in order to plan emergency feeding facilities.

The field organization for the rationing of feeding stuffs consisted of 12 Divisional Committees which represented manufacturers, wholesalers and farmers with Executive Officers from the Ministry of Food. There were also County Feeding Stuffs Committees, the membership of which overlapped the Agricultural Executive Committees.

The Ministry of Food had other field representatives who reported to the commodity divisions. Area Commodity Officers were appointed for each major food and they worked closely with the Divisional Food Officers although their areas of jurisdiction were not the same.

Food prices were watched by Food Price Investigation Committees which tied primarily into the Ministry of Food but also into the Central Price Regulation Committee of the Board of Trade.

In addition to the formal organization structure of the Ministry of Food there was an elaborate system of advisors and advisory committees.

IV. Requirements and Allocations. "Supply planning" was primarily a responsibility of the Ministry of Food although it necessarily took into account high-level determinations affecting food such as those made by the Cabinet Food Policy Committee and the Combined Food Board. Supply planning began with formal estimates of home agricultural production, followed by estimates of possible imports in accordance with programs of the British Commonwealth and Combined Food Board. The program thus obtained was then examined from the standpoint of shipping space and nutritional and other requirements of the people to be fed. Sources as well as quantities of food were planned.

Considering quantities available and consumers needs, the Minister of Food allocated supplies to major users. Government ownership of the supplies of many commodities plus licensing and buying permits helped to make the allocations reasonably effective. It should be noted, however, that allocation is not simply a high-level operation. Available supplies had to be divided and subdivided at each level in the distribution chain.

Fats and oils and starch presented particular allocation problems because they were used for industrial purposes as well as human and animal consumption. All claims for all uses of fats and oils were addressed to the Ministry of Food, nevertheless. Despite the fact that more starch was used by industry than for human and animal consumption, the Minister of Food was responsible for the acquisition, sale and use of starch for all purposes. The Ministry controlled the supply, and bulk allocations were made to industry on a datum basis. Some of the suballocations to industry were made by the Ministry of Supply.

V. Production Programs. The production program was laid down in accordance with the food policy of the Ministry of Food formulated in collaboration with the Cabinet Food Policy Committee and the Scientific Food Committee. The main policy objectives were maintenance of the milk supply, self sufficiency in feeding stuffs and production increases in cereals, sugar beets, potatoes and other vegetables. Keeping in mind the overall requirements, the Ministry of Agriculture formulated plans for the necessary acreage of all major crops. These acreages were broken down on a county basis and then by districts and parishes to the individual farms.

The food production program was guided by a series of government orders, appeals and requests, most of which emanated from the Ministry of Agriculture.

Control powers to insure execution of the policy were vested in the Agricultural Executive Committees which had authority to direct farmers on the measures which they should take for proper management of their farms. If the farmers failed to do a good job, after fair warning, the committees had authority to take possession. In practice this authority was rarely resorted to but it demonstrated the lengths to which the government was prepared to go to insure the expanded production of necessary crops.

More important than powers of coercion in securing the necessary production were various incentives and services, many of which were available through the committee system.

A. Plough Policy. Under the guidance of the Agricultural Executive Committees a program was carried out to convert grassland to tillage which included an acreage plough-up subsidy. In some cases the execution of this policy necessitated loans which were available through the committees.

B. Price and Credit. An important influence in directing agricultural production and stimulating the volume of production was the agricultural price policy. Agricultural prices were fixed jointly by the Minister of Agriculture and the Minister of Food for each season, after a considerable amount of bargaining between producer representatives and the government. Under this program farmers were guaranteed a market at a fixed price and prices were fixed so as to provide a profit even on third-class farms. Insurance that agreed-upon prices were paid was provided by the Ministry of Food which controlled supplies.

In order to encourage efficient and effective farming, farmers were offered financial assistance in the installation of drainage works. The proper use of fertilizers was encouraged by a special credit program (Agricultural Requisites Assistance Scheme) which was administered by the Agricultural Executive Committees.

Joint stock banks liberalized their credit policy at the beginning of the war and this remained the chief source of agricultural credit.

In addition to the subsidy for newly ploughed land, the government granted subsidies to certain producers. Some of these were direct payments and others were reflected in prices charged.

C. Education and Service. Scientific advisors to the Agricultural Executive Committees saw to it that modern knowledge was available to all farms. The committees were assisted in this effort by so-called Agricultural Improvement Councils.

The National Veterinarian Association worked out a scheme whereby farmers could have their stock examined quarterly for a very small fee.

D. Production Machinery and Raw Materials. The distribution and use of agricultural machinery had a direct bearing on the volume of agricultural production. The Agricultural Executive Committees attempted to equalize insofar as possible the use of machinery in relation to the land to be ploughed. Any farmer wishing to buy a tractor had to secure approval of his county committee. In some cases arrangements were made for the loan of military vehicles at harvest time. The committees maintained pools of certain types of equipment which they hired to farmers.

The rationing of feeding stuffs through committees of the Ministry of Food was used as a means of directing agricultural production. Under this system only dairy cows, calves, goats and female kids, pigs, poultry and some working horses were granted rations. This policy effectively discouraged the production of beef cattle and the small ration discouraged poultry production.

E. Labor. One of the most serious shortages hampering agricultural production was labor. In an effort to solve this problem restrictions were placed on the transfers of agricultural labor and minimum wages were established. Other measures were taken to encourage the return of former agricultural workers to the land, to use conscientious objectors, soldiers, prisoners of war, school children and women. A Womens Land Army was formed but its value was somewhat hampered by a reluctance of farmers to employ women. The Agricultural Executive Committees had considerable influence over the draft deferments of skilled farm workers.

F. General. A program was undertaken to encourage non-farm people to grow food on small plots of land called allotments. Throughout the war there was a considerable amount of propaganda to stimulate the proper kind of production. This program was highly successful.

VI. Distribution of Food. A basic step in the distribution of food in short supply was the estimating of supplies in relation to requirements and the making of primary allocations. This step was described under "IV" above, page 6. Another step was to gain effective control over food supplies including imports and to channel supplies equitably throughout the distribution system. It was also important to control food demand and purchasing power through rationing and price control. Food processing industries were important links in the distribution chain and they had to be controlled.

The entire food distribution program was directed from a policy standpoint through a system of orders, most of which were issued by the Ministry of Food.

Channeling supplies through the distribution system and control over processing was largely enforced by the commodity divisions of the Ministry of Food which worked in the field through area commodity officers. At the retail and consumer level, however, the distribution program was meshed with the rationing program which was enforced through the Local Food Offices and the Divisional Food Offices which reported to the Divisional and Local Services Department of the Ministry of Food. Price control was enforced through local Food Price Investigation Committees which reported to the Ministry of Food and to the Central Price Regulation Committee.

A. Control of Supplies. The Ministry of Food operated on the principle that the state should at some stage in the marketing process become the owner or virtual owner of nearly every kind of food imported and many that were home produced. The object of the principle was to provide the government with sufficient control so that it could assure the equitable distribution of food supplies. To a considerable extent this principle was carried out although it did not extend to all perishable food and foods produced by many small producers.

The Food Ministry imported all food and had buying agents all over the world. Handling at the ports was usually through established importers acting as agents of the Ministry, thus following a policy to use elements of the trade and normal trading channels wherever possible.

The supply of home-produced commodities was governed by establishing control points through which all commodities passed. Except for fish and green vegetables control began with the prohibition of sales except to the Ministry or to approved first-hand buyers licensed by the Ministry.

For example, all cattle, calves, sheep, lambs, and pigs for slaughter were sold through specified collection points to which the farmer was tied. After grading, cattle and sheep were bought by the Ministry of Food at fixed prices and slaughtered on behalf of the Ministry at selected slaughterhouses. No livestock were slaughtered without the Ministry's permission except in government slaughterhouses and bacon factories.

All milk produced in England and Wales was bought at fixed prices by the Milk Market Board, except that sold by producer-retailers or retained on farms. The Board sold it to the Ministry which determined how much was to go to manufactured products and how much to liquid consumption. Milk was then resold by the Ministry

to distributors and manufacturers. (In Scotland most milk was supplied direct to distributors through the Milk Market Board.)

The potato trade flowed mainly through peacetime channels but all traders were licensed. Producers were guaranteed a fixed price and the Ministry was prepared to buy all offerings at this price. Through control of transportation as well as prices, early use of poor-keeping varieties was stimulated.

Fish was not normally taken into Ministry ownership. Allocations committees at ports divided white fish among prospective buyers and a zoning and distribution scheme governed the destination to which a buyer might send fish. The Ministry paid all carrying charges and was reimbursed by a levy on the primary buyer.

B. Channeling Supplies Through the Distribution System. First-hand distribution was accomplished usually by wartime companies of prewar traders, acting as agents of the Ministry to buy and distribute. Examples were the Meat Importers National Defense Association, Ltd. (MINDAL), Bacon Importers National Defense Association, Ltd. (BINDAL) and the Butter and Cheese Association, Ltd. (BACAL).

With the exception of meat, the Ministry of Food generally did not retain ownership of a food beyond the first stage of distribution to wholesalers. Beyond that stage controls were exercised through such means as licensing, buyers permits, and ultimately through rationing.

For the chief rationed foods (meat, bacon, cheese, fats, sugar and preserves) customers registered with their retailer and the retailer got a permit which entitled him to buy a specific quantity of food based on the number of customer registrations. Retailers in turn registered with wholesalers who got their supplies from the first-hand buyers on the basis of retail registration. In the case of foods where customer registration was not required (i.e., points rationing), the Ministry allocated to first-hand distributors who allocated to wholesalers on the basis of prewar purchases. The wholesaler allotted to the retailer on the same basis. This so-called "datum" basis of distribution had numerous weaknesses one of which was the difficulty of adjusting to subsequent population shifts.

Although the meat distribution pattern was not exactly typical, it is interesting enought to warrant special mention. Wholesalers were organized into a regional Wholesale Meat Supply Association (WMSA). The WMSA's received imported meat from MINDAL and home-produced meat from Ministry-controlled slaughterhouses. The WMSA's allocated meat at prescribed prices to Retailers Buying Committees, which in turn put the meat into the hands of retailers.

C. Rationing and Nutrition. Rationing as a means of assuring equitable distribution of food in short supply was deemed to be an essential link in the food distribution chain along with the control of supplies and prices. Rationing as discussed here applies mainly to the rationing of food for human consumption. Rationing of animal feeding stuffs was discussed under "V" above, page 8.

There were four essential types of consumer rationing as follows:

1. Straight rationing which involved a fixed amount per person, excepting meat which was rationed by price. With this qualification this system applied to meat, bacon, cheese, fats, sugar, preserves and tea.

2. Points rationing under which a group of foods were given point values, permitting the consumer a wide selection within the total number of points allotted. This applied to canned goods, dried fruit, dried pulses, condensed milk, cereal breakfast food, biscuits, oat flakes and rolled oats, sirup, rice, sago, and tapioca.

3. Personal points rationing, similar to point rationing and used for chocolate, sugar and confectionary.

4. Controlled distribution schemes which did not always guarantee an amount for everyone, but insured distribution to those who needed the commodities most. This applied particularly to liquid milk, dried milk, shell and dried eggs and oranges.

The only important foods not rationed were bread, flour, oatmeal, potatoes, other fresh vegetables, fruit (except oranges) and fish.

Meals served at canteens, lunch rooms, etc., were ration-free and served in effect as ration supplements. Arrangements for communal feeding were encouraged by the Ministry of Food. Communal feeding facilities eased the hardships of rationing, provided efficiency in meal preparation, gave women more freedom to work in industry and on farms, and provided a basis for emergency feeding arrangements. This policy was particularly evident in the system of "British Restaurants" which were scattered widely throughout Great Britain. It was also evidenced by the industry canteens, the rural "pie" systems and by special emergency facilities of various types.

Health needs and nutrition received considerable attention in the rationing program. Special rations were available for heavy workers, infants, children, expectant mothers, and the sick. Milk was distributed free to children, mothers and expectant mothers who were unable to pay for it. Fruit juice concentrate and cod

liver oil were also obtained on the free milk permits. Oranges were allocated by district in rotation with children given the first rations when supplies did not warrant general distribution. Retailers were required upon receipt of supplies to restrict orange sales for five days to holders of child ration books. The Ministry of Food also had a school lunch program and a school milk program.

D. Price Control. Price control was a necessary corollary of control over supplies and demand and it was deemed to be necessary at all levels in the distribution chain. Price control was designed to:

1. Insure all classes a fair share of food.

2. Prevent inflation.

3. Prevent profiteering.

The price program was based on a series of orders and enforcement was effectuated through local Food Price Investigation Committees.

Prices and margins of controlled foods were determined by the Ministry of Food after negotiating with traders and the results were reviewed by a coordinating committee in the Ministry. Prices were subject to review and final approval by the Treasury. Wholesale margins were a percentage addition to the first-hand price. Retail margins were often determined by a percentage addition to the wholesale price.

In fixing margins errors were perhaps made on the side of generosity to keep traders in business. On the whole, however, price control was deemed to be fairly effective in keeping the cost of living down.

E. Control of Processing and Handling.

1. Processing. Since processing substantially affected the available supplies of food and feed, the Ministry of Food had to exert considerable control over the processing industries. In some industries processors continued to work on their own account, purchasing the raw materials and retaining ownership of the product. Control was accomplished in this case through statutory order and license or by agreement with trade associations and wartime companies.

In flour milling, however, the control was as close as if the mills were directly operated by the Ministry of Food.

Under another method the Ministry retained ownership of the raw material and finished product and employed the processors

as agents at fixed rates of pay. Oilseed crushing and oil refining was done on this basis. Margarine and cooking fats were produced by Marcom, an association of manufacturers employed to manufacture and sell on behalf of the Ministry.

In the case of bacon curing and milk products, the Ministry sold the raw products to the processing firms and bought back the finished product.

The rarest form of control occurred in those cases where the Food Ministry actually managed the processing plants. This was true, for example, of vegetable dehydration plants.

As the war progressed, the food processing industry encountered numerous difficulties. Labor was scarce and continuous demands were made to convert plant facilities to other purposes. In order to cope with these difficulties and at the same time to increase efficiency, numerous consolidations were effected. In some cases this meant that brand names had to be abandoned for the duration.

2. Transportation. The food industry was the best example of transportation economies in Great Britain during the war. By an order the Ministry of Food assumed broad powers over food transportation. For example, under this order, the Ministry had power to prohibit movements of food and to specify methods and routes of transport. Transportation plans were drawn up in cooperation with the trade and compulsion was used sparingly.

The country was divided into sectors or zones and it was provided that wholesalers could supply only retailers in their sectors. This necessitated large-scale adjustments in trading relationships but it also brought economies in such matters as transportation. Zoning was also applied to the transport of food from production or import points to wholesalers.

Other economies resulted from schemes by which transportation facilities were pooled and deliveries restricted. Imported meat, for example, was distributed from ports and from cold storage warehouses by a pool of meat vehicles operated by the Wholesale Meat Transport Association. Bread and biscuit deliveries were restricted to three a week. Retail milk distribution was rationalized in all urban districts of more than 10,000 population.

3. Storage. Storage space had to be adjusted to facilitate distribution in particular zones or areas. Buildings of many kinds were taken over or erected to make certain that

proper storage was provided. An objective was to keep stored stocks away from ports and large population centers.

The Food Ministry kept large stocks of food in cold storage and in other warehouses throughout the country and had complete control over the management of all cold storage.

VII. Emergency Measures. The food program in Great Britain was decentralized and provision was made for Divisional and Local Food Offices to become more or less autonomous in the event of an invasion or other serious emergency. Voluntary Food Organizers were established in small communities for the purpose of taking charge of food supplies whenever contact with local food offices was broken.

On the basis of plans developed largely by Chief Divisional Food Officers and military authorities, emergency food stocks were located strategically throughout the country. For this purpose the country was divided into 100 areas, each of which was stocked with sufficient food to last a reasonable time. These stocks were constantly revolved to prevent deterioration and spoilage. In addition, each Divisional Food Officer had a mobile reserve of food under his direct control which he could move quickly to any part of this division.

Numerous other measures were taken. For example, stocks of gas-resistant tarpaulins were widely distributed to protect food in transit and emergency shopping centers and market shops were established in the more vulnerable towns.

The Ministry of Food operated a large-scale food salvage organization to recover and recondition human and animal food damaged by air raids. This necessitated the use of dehydration equipment since most of the damage was caused by water used to extinguish fires.

After an air raid, the Queens Messenger Food Convoys and their mobile canteens were rushed to the raided towns to provide hot soup, drink and solid food. These were supported by Emergency Meal Centers which were independent of gas and electricity.

* * * * * *

APPENDIX A

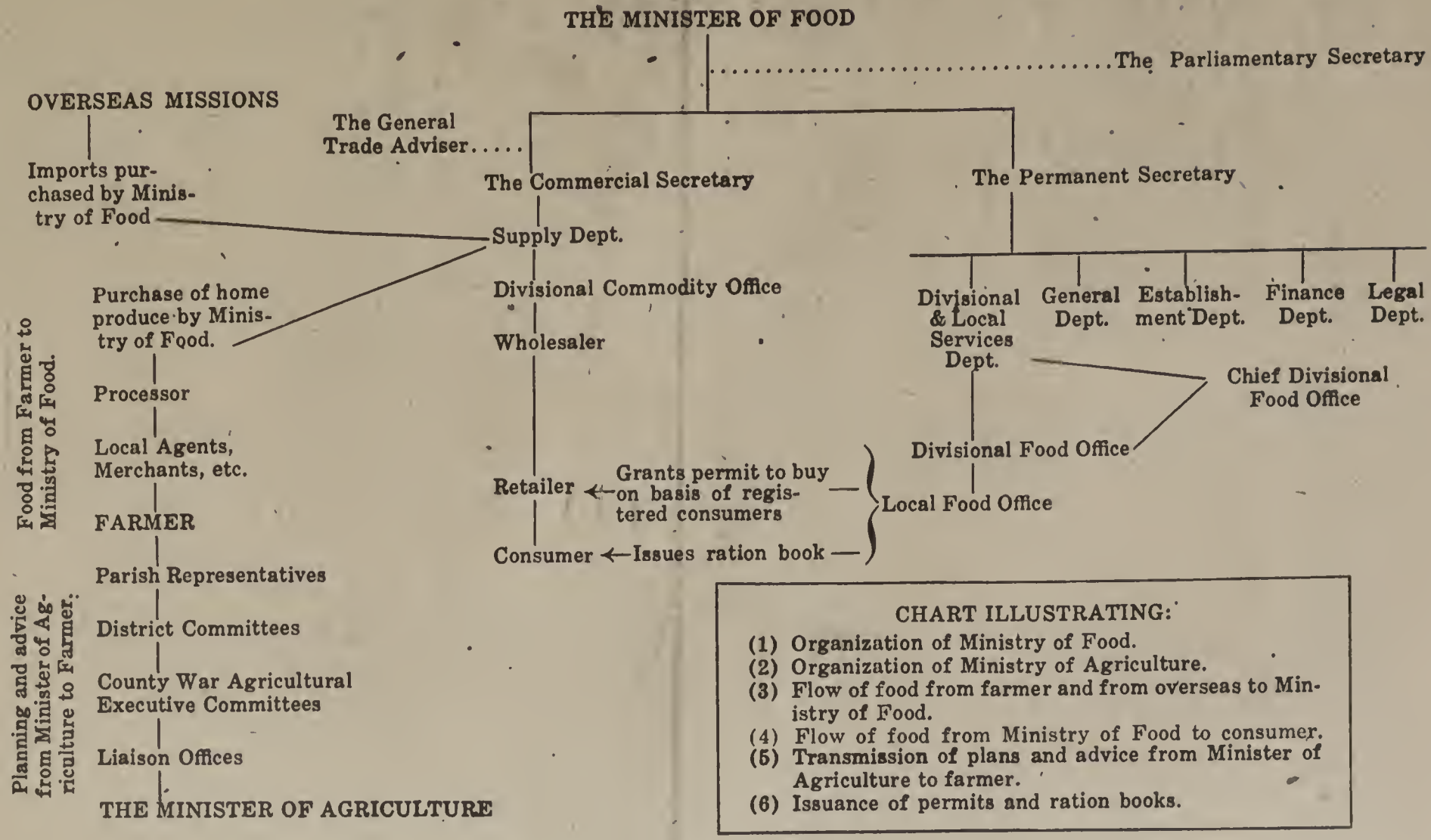


CHART ILLUSTRATING:

(1) Organization of Ministry of Food.
(2) Organization of Ministry of Agriculture.
(3) Flow of food from farmer and from overseas to Ministry of Food.
(4) Flow of food from Ministry of Food to consumer.
(5) Transmission of plans and advice from Minister of Agriculture to farmer.
(6) Issuance of permits and ration books.

FOOD CONSUMPTION IN THE UNITED KINGDOM IN 1944 SHOWING THE PERCENTAGE HOME-PRODUCED AND IMPORTED

Commodity Group	Annual Average, 1944		
	Total '000 Tons	Percentage Home-Produced (a)	Percentage Imported
Flour from wheat and other cereal products	5,492	44	56
Fats (butter, lard and margarine)	819	2	98
Sugar	1,641	27	73
Meat (including bacon)	2,577	35	65
Fish (including canned) (edible weight)	436	55	45
Eggs and egg products	279	63	37
Milk (liquid)	6,121	100	--
Condensed milk	195	53	47
Dried milk	70	21	79
Cheese	230	7	93
Potatoes	6,450	100	--
Other vegetables	3,229	99	1
Fruit (including tomatoes)	1,324	61	39

(a) Partly dependent on imported feedingstuffs.

LOSSES AT SEA OF FOOD AND FEEDINGSTUFFS DESTINED FOR THE UNITED KINGDOM(a)

	January/ March	April/ June	July/ September	October/ December	Annual Total
	Thousand tons (net weight)				
	Expressed as Percentages of Imports (b) plus Losses				
1939				2.5(c)	2.5(c)
1940	1.7	1.5	6.5	7.4	3.7
1941	7.6	6.9	3.2	3.0	5.1
1942	4.1	2.1	5.2	9.1	4.7
1943	9.3	3.4	0.8	0.6	3.1
1944	0.4	0.1	0.2	0.7	0.4

(a) Classified by date of occurrence.
(b) Excluding unrefined whale oil and identifiable imports from Erie.
(c) Four months, September/December.

TONNAGE OF FOODS AND FEEDINGSTUFFS LOST OR DAMAGED BY AIR ATTACK

Period	Thousand Tons
Up to end August, 1940	16
Sept.-Dec., 1940	159
Jan.-Mar., 1941	37
April-June, 1941	63
July-Dec., 1941	9
Year 1942	9
Year 1943	10
Year 1944	6
Total	309

Taken from "How Britain was Fed in Wartime" - H. M. Stationery Office

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APPENDIX D

Emergency Feeding

1. The Queen's Messenger Convoys were designed to provide light refreshment immediately after a raid. Completely self-contained down to a water tanker, these canteen convoys could move into a raided area and provide tea and snacks within an hour. Their contribution was as much psychological as material. Many of them were purchased with funds subscribed by United States, Dominion and Colonial organizations.

2. Emergency Meals Centres operated by the Local Authorities were designed to provide for those who, while not necessarily homeless, were unable to cook owing to failure of the utility services. The equipment included food stocks, water storage, together with simple boilers and cooking ranges capable of running on solid fuel. In all towns having 50,000 or more inhabitants, feeding accomodation was provided on these lines for at least 10% of the population. Rest Centres, run by the Ministry of Health for the homeless, normally had a similar provision for cooking meals.

3. In London and certain large provincial towns, long periods in air raid shelters became at times habitual. Shelter feeding equipment was installed to provide light refreshment.

4. Some of the earlier air raids destroyed Rest Centres and Emergency Meals Centres in the towns. To maintain the service in such cases cooking depots were set up on the outskirts. Each depot was designed to provide within four hours 3,000 full-scale meals for distribution in insulated containers anywhere within a 20-mile radius.

5. To supplement cooking depots in the event of exceptionally heavy raids, and for areas where such depots were not practicable, semi-mobile kitchens were developed. These were transportable cooking units capable of producing 500 meals within 4 hours on the same lines as the cooking depots.

From "How Britain Was Fed in Wartime" - H. M. Stationery Office

CONTROL OF LIVESTOCK AND MEAT

Because of the acute shortage of feeding stuffs some adjustments had to be made in the production of livestock. Food policy gave preference to dairy herds, then to beef, sheep, poultry and pigs in that order. Application of that policy resulted in an actual increase in the total number of cattle of all types in Great Britain during the war but in a substantial decline in the numbers of sheep and lambs, pigs and poultry.

Livestock production was influenced in many ways but most significantly through the price policy and the rationing of feeding stuff. For example, premium prices for quality beef were abolished from time to time to discourage this type of production. Prices were set to encourage greater marketing of beef in the summer and to keep a reserve on the hoof in the winter. Special prices for low-grade cattle encouraged the culling of poor stock and in the early years of the war prices were adjusted to encourage culling of pigs and poultry. The rationing of animal feeding stuffs discouraged beef cattle and sheep, pigs and poultry. In 1941 the ration for pigs and poultry was based on one-third of the stock on farms in June 1939 and further reductions followed.

The Ministry of Food owned England's meat supply and controlled this supply largely through direct ownership from the point of import or production down to the retailer. Meat was imported on behalf of the Ministry of Food by MINDAL (Meat Importers National Defense Association). Bacon was imported in a similar manner by the BINDAL (Bacon Importers National Defense Association).

All domestic livestock[1/] were registered with the Ministry of Agriculture. When the livestock were ready for sale, the farmer notified the Ministry of Food. Livestock were brought to fixed marts for grading on a live-weight basis by a district chairman of auctioneers appointed by the Ministry. All livestock were sold to the Ministry of Food or its agent at fixed prices. Slaughtering was prohibited except under government license and was done at fixed rates. Slaughtering was centralized and in this process the number of slaughterhouses was reduced by 95 percent. In some cases pigs were an exception to the above procedure in that they might be sent by producers straight to a bacon factory on direction of the Ministry. In order to save fuel and vehicles all meat was transported by the Ministry of War Transport.

For distribution purposes the country was divided into eight Wholesale Meat Supply Areas and in each area the meat wholesalers combined into Wholesale Meat Supply Associations (WMSA) which operated on a commission basis as agents of the Ministry of Food. The Associations allocated meat to butchers retail buying committees which bought the meat and in turn allocated it to the butchers.

1/ Does not include poultry.

Determination of quantities of meat to be distributed at the wholesale, retail and consumer levels depended to a large extent on the nature of the rationing scheme. For meat and bacon, consumers had to register with retailers. The retailer received a permit which entitled him to buy a specific quantity of meat based on the number of the customers registered with him and the size of the current ration. The retailer in turn was registered with a wholesaler who obtained his supplies on the basis of retail registrations.

The manufacture and sale of canned meat products was controlled by a system of licensing. Canned meat was imported through the government-inspired Association of Canned Meat Importers. All dealers who dealt in canned meat before the war were allocated supplies. Canned meat was rationed separately under a points system.

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For Administrative Use Only

FOOD INDUSTRY ADVISORY COMMITTEES

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United States Department of Agriculture
Production and Marketing Administration

September 1950

Part I

CURRENT FOOD INDUSTRY ADVISORY COMMITTEES

As of August, 1950

In contrast to the 115 national food industry advisory committees which existed in 1945 only seven were reported active in 1949. In the last year other changes have occurred and it is difficult to determine the exact present status of industry advisory committees in FMA because some of those which are no longer used have never been formally terminated.

The most active committees at the national level appear to be the Poultry Industry Advisory Committee and the Wool Merchandising Committee. Other national committees such as those concerned with linseed crushing, tung oil, and potatoes are still on the books but practically inactive. Wholesaling and retailing committees are also inactive but apparently attempts are being made to reactivate them. National industry advisory committees established under the Research and Marketing Act are quite active but these committees are concerned primarily with research and are under the over-all jurisdiction of the Agricultural Research Administration. It should be noted that the research committee membership could perhaps be drawn upon in some cases to serve other interests. The Wool Merchandising Committee has almost the same membership as the FMA Wool Advisory Committee and the membership of the FMA Cold Storage Advisory Committee is apparently drawn upon informally to assist the Transportation and Warehousing Branch.

At the regional level there is an active industry advisory committee to work with FMA commodity offices on the storage of grain.

FMA State Committees were encouraged at the St. Louis National Conference to establish industry committees on a commodity basis to advise with them. Active poultry committees have been established in 32 States and potato committees have been established in some States.

On the international level there has been formed an industry advisory committee in connection with the International Sugar Agreement. This committee met in London in April and May and may meet again in the fall.

FMA has a current instruction (108-1) covering the establishment of industry advisory committees but this instruction applies primarily to committees at the national level. (See Attachment 1)

INDUSTRY ADVISORY COMMITTEES

I SCOPE

This Instruction outlines responsibility and sets forth the procedure to be followed in forming and using Industry Advisory Committees. It is the policy of the Department to utilize Industry Advisory Committees, whenever practicable, in the discharge of certain statutory duties of the Department. These Committees are to be used solely for giving advice and information and for making recommendations with regard to the formulation and execution of programs.

II LEGAL REQUIREMENTS GOVERNING COMMITTEES

In organizing Industry Advisory Committees, task groups, and sub-task groups, there are certain requirements which should be met and of which all Committee members should be advised in order to minimize the possibility of violation of the anti-trust laws. These are:

A There must be statutory authority for the employment of such Committees or there must be an administrative finding that it is necessary to utilize such Committees in order to perform certain statutory duties.

B The agenda for such Committees and their meetings must be initiated and formulated by the Government.

C The meetings to be held must be at the call of and under the chairmanship of Government representatives.

D Full and complete minutes of each meeting must be kept.

E The functions of such Committees must be purely advisory, and any determinations of action to be taken must be made solely by Government representatives. These Committees are not for the purpose of setting policies or enforcing Government regulations.

III PROCEDURE FOR ESTABLISHING COMMITTEES

Certain statutory authorities pertaining to the Department of Agriculture provide specifically for the establishment of Advisory Committees. Where this statutory authority does not exist, the Administrator must determine the necessity for establishing such Committees. Branch directors, in recommending to the Administrator that an Industry Advisory Committee be established, should be fully aware of the requirements listed in paragraph II. Simultaneously with the recommendation to the Administrator for the establishment of a Committee, branch directors shall address a memorandum to the Administrator,

giving the name of the proposed Committee, the name and title of the recommended Government chairman, vice chairman, and a brief statement of the reasons for establishing the Committee. The memorandum should be accompanied by a memorandum for the Administrator's signature, appointing the Government chairman and vice chairman.

IV DETERMINATIONS OF REPRESENTATION

A Industry - The Committees shall be as small as possible to be representative of the industry involved. In determining industry representation on Committees, geographic distribution of the industry, membership in trade associations, and segments of the industry should be considered.

B Government - The Government chairman shall extend invitations to other interested agencies in the Department and to representatives from other Government agencies concerned in the agenda. Attendance for observational purposes is discouraged. Requests on the part of an agency for the privilege of sending a regular representative to each meeting of the Committee must be approved by the Administrator. Attendance by a representative of the Solicitor's Office is desirable, and notices of meetings should be sent to that Office.

C Substitute or Special Representation - When a Committee member is unable to attend, the branch director may recommend to the Administrator that a representative be invited as a member pro tem when the representative character of the Committee is not thereby impaired. The branch director shall recommend that invitations be extended to industry representatives other than Committee members only when the need for additional representation is clearly shown because special or technical problems are to be presented.

V PROCEDURE FOR APPOINTMENT OF MEMBERS

The Government chairman shall make recommendations as to Committee membershipin a memorandum approved by the branch director and addressed to the Administrator.

A Information Required in Memorandum

1 Name of Committee.

2 Proposed date and expected duration of first meeting.

(V A)

3 Full name, title, company, and address (including street address in cities) of the recommended members.

4 Type and size of segment of the industries or branches of industry represented.

5 Trade association affiliation.

6 Any other pertinent information about each member necessary to determine whether or not the Committee is representative.

B Approval of Appointments - When the Administrator has approved the memorandum recommending membership, the Government chairman shall have prepared, for the signature of the Administrator, letters of invitation to serve, giving (when possible) the date, time, room number, tentative program, and duration of the first meeting. After receiving acceptances, the Government chairman shall have letters of appointment prepared for the signature of the Administrator. If any person declines to serve, an appropriate replacement should be recommended in the same manner as the original recommendation.

VI CALLING MEETING OF ESTABLISHED COMMITTEES

A Notification to Administrator - When a meeting becomes necessary, the Government chairman, with the approval of the branch director, shall address a memorandum to the Administrator stating:

1 Name of Committee.

2 Proposed date and duration of meeting.

3 Purpose of meeting.

4 Whether a joint or consecutive meeting is desired by another Government agency.

B Notices of Meeting - After approval of the proposed meeting by the Administrator, the Government chairman shall issue notices of and invitations to the meeting. Except in cases of emergencies, no meetings shall be called with less than two weeks' notice.

C Submission of Agenda and List of Representatives - At least five days before the meeting date, the Government chairman, with the approval of the branch director, shall submit to the Administrator

for his approval a proposed agenda, together with a list of Government representatives to be invited.

VII TASK GROUPS

When further study is needed on a problem raised in an Industry Advisory Committee meeting or the assistance of the industry is needed in gathering information, the Committee may appoint a "task group" to carry out a specific assignment. When the nature of the task group assignment is highly specialized, it may be necessary to appoint sub-task groups. Members of such groups need not necessarily be Committee members, nor need they be representatives of industry. For this reason, they should be referred to as "groups" rather than Committees. While it is not necessary to appoint a chairman and to give each member identical responsibility, there is no objection to their agreeing informally for one of them to take the lead.

A Task Letters - Previous to any activities on the part of "task groups" or "sub-task groups," the Government chairman shall send each member a task letter even though it merely confirms verbal instructions. This letter safeguards the Government in case the groups should overextend their activities by warning them that certain actions on their part would constitute a violation of the anti-trust laws. In preparing such letters, the chairman shall observe the following requirements:

1 He shall state clearly the relation of the requested information to the Program of the Government.

2 He shall define the task clearly so the members of the task group will know exactly what is expected of them.

3 When practicable, he shall set a time limit so as to prevent the task group or sub-task group from working together indefinitely.

4 He shall route the letter to his branch director for approval and to the Solicitor and the Administrator for clearance.

VIII RESPONSIBILITIES OF COMMITTEE CHAIRMAN

A Government chairman shall carry out directly, or delegate to the Government secretary of the Committee, the following responsibilities:

(VIII A)

1 The chairman of the Committee shall preside at all meetings. The vice chairman shall assume the duties of the chairman in the latter's absence or inability to act. When the chairman desires, he may appoint a Government representative on the Committee as secretary, who shall act under the direction of the chairman, and shall arrange for complete minutes of each meeting, assist the chairman in arranging for space for the meetings, and so on.

2 Have arrangements made for suitable conference rooms for meetings, through the Office of Administrative Services, advising of the title of the meeting, the approximate number of persons attending, the dates and hours.

3 When necessary, arrange through the Office of Personnel Services for stenographic reporting of summaries of the meetings, and clear such summaries with the Administrator before distributing a copy to each Committee member and Government representative. The summaries should be distributed within two days after receipt by the chairman. He shall arrange for preparation of verbatim transcripts when he considers it advisable or upon request of the Administrator.

4 Have prepared a draft of a press release to be issued after each meeting. It is desirable to provide for discussion of the subject matter to be released as a last item on the agenda of the meeting. Obtain approval of the Administrator before issuing the release.

5 Prepare and maintain complete files on each Committee and each meeting thereof.

* * *

Part II

FOOD INDUSTRY ADVISORY COMMITTEES IN WORLD WAR II

Executive Order 9280 of December 5, 1942 authorized the Secretary, in his discretion, to appoint such advisory committees composed of representatives of government or private groups interested in the food program as he deemed appropriate. These powers were later transferred by Executive Order to the War Food Administrator.

In accordance with these authorities the War Food Administrator issued a memorandum on May 12, 1943, indicating that food industry advisory committees could be formed by authorized officials of the Administration. Committee organizations, procedures and recommendations were to be cleared with the Solicitor so that immunity from Federal anti-trust laws could be obtained.

In the meantime, however, the Food Distribution Administration had taken the initiative in forming a number of industry advisory committees. On June 2, 1943, the action was ratified by the War Food Administrator (Memo.5, Supp.1) who made the facilities of these committees available to all war food agencies. It was also recognized that the committees were available for consultation by the Office of Price Administration.

1. National and Regional Food Industry Advisory Committees

Two months before the establishment of the War Food Administration, the Food Distribution Director issued Memorandum No. 43 concerning "Food Industry Advisory Committees to Assist Branches." This memo gave to the Processors Branch the authority to form and service industry advisory committees to assist the various branches of FDA. According to the procedure established by the memo each meeting of an industry advisory committee was to be presided over by a Government Chairman (later amended to read "or Vice-Chairman") nominated by the appropriate branch chief, recommended by the Processors Branch Chief and approved by the Director of FDA. Members of the committees were nominated by the Government Chairman, approved by the Chief of the appropriate branch and invited to serve by the Chief of the Processors Branch. Formal appointment was approved by the Director of FDA in the form of a letter originated in the Processors Branch. In general, meetings of such committees were held in Washington.

It was recognized in a later issuance (Memo. 45, Supp.1) that advisory committees at the regional level might be needed. In this connection Regional FDA Directors were delegated authority to:

1. Establish regional food industry advisory committees
2. Appoint the Government chairman
3. Appoint the members of the committee
4. Issue letters of appointment, call meetings, issue invitations, etc.

Summaries of regional meetings and those who attended were forwarded to the Chief of the Processors Branch.

In December 1943, the responsibility for servicing the industry advisory committees passed to the newly established Industry Operations Branch of FDA. This Branch continued to carry the same basic responsibilities and it continued to exist throughout the remainder of the war period.

The Processors Branch issued some detailed procedures for dealing with industry groups and these were edited and reissued by the Industry Operations Branch. (See Attachment 2.)

Among other things these procedures outlined the responsibilities of the Chief of the Industry Operations Branch. He was responsible for reviewing proposed appointments of Government chairman, and members, issuing notices of meetings and arranging suitable meeting places, providing competent reporters, preparing press releases, supervising the maintenance of meeting files, cooperating with the Solicitor and the Government chairman to avoid violation of anti-trust laws, and to promote joint use of Industry Advisory Committees with other agencies.

One of these procedures outlined the use of the industry "task letter" which was addressed to industry representatives as a basis for obtaining special information without a formal meeting. This procedure was designed to provide the necessary information without violating anti-trust laws.

According to an annual report of the Industry Operations Branch issued in 1944, the principal subject discussed by the committees was proposed food orders or amendments. These were usually submitted to the committees sufficiently in advance of clearance so that changes recommended by industry could be given full consideration. Nearly all of the food orders as of that time had been so discussed. Committee meetings also provided an opportunity for industry to present its case where it felt that undue hardship was involved and to ask for assistance with such problems as manpower, transportation, raw materials, prices, maintenance and repairs, operating supplies, etc.

As of June 30, 1945 there were 129 industry advisory committees of the War Food Administration and during the fiscal year ended June 30, 1945 about 131 meetings had been held for an average of slightly better than one meeting per committee. Of the total number of committees, 58 were concerned with fruits and vegetables (and of these 14 were regional committees), 23 with special commodities, 13 with grain, 12 with dairy and poultry, 10 with fats and oils, 5 with tobacco, 5 with sugar, 2 each with livestock and civilian food requirements, and 1 with marketing facilities. (Attachment 3 summarizes the committees and provides some analytical tables.)

2. District and Local Food Distribution Committees

Beginning in January of 1943, local committees were used by the FDA for dealing with food shortages. Later some consideration was given to the abolition of the committees, although it was finally decided to continue them. The Director of FDA indicated that they should remain under direction

of the FDA regional directors and be available to service all branches. It was suggested that they represent the consumers as well as the trade.

The committees were called State and Local Food Advisory Committees until 1944 when the name was changed to District and Local Food Distribution Advisory Committees. When the name was changed the responsibilities of the committees were considerably sharpened to include information to assist in formulating monthly recommendations to OPA on point value changes, securing information on critical food distribution problems, stimulating consumption of food in abundance and in general to assist in a more widespread understanding of food distribution problems. Under the Office of Distribution, these committees were serviced in Washington through the Civilian Food Requirements Branch and in the field through regional offices.

Food Distribution Administration
Washington 25, D. C.

November 25, 1945

INDUSTRY OPERATIONS BRANCH MEMORANDUM NO. 1
(Cancels Processors Branch Memoranda Nos. 1 and 2)

To: Branch and Division Chiefs and Regional Directors

From: E. A. Meyer, Chief, Industry Operations Branch

Subject: Policies and Procedures to be Observed in the Formation and Operation of Food Industry Advisory Committees.

I. GENERAL

In accordance with Director's Memorandum No. 43, the Chief of the Industry Operations Branch will impart to a Branch Chief any information relative to the advisability of forming a Food Industry Advisory Committee. The Branch Chief will determine whether or not a Food Industry Advisory Committee should be formed for an industry under his jurisdiction. The Chief of the Industry Operations Branch may form and operate Food Industry Advisory Committees when an industry is under the jurisdiction of more than one commodity branch.

II. INDUSTRY REPRESENTATION

A. Committee members should, in general, be selected from the top executive staff of a company, and care will be given that alternates from other than the executive level are not substituted. Alternates must be officers of the committee member's own company.

B. The original invitation will state that attendance is limited to one representative from any company. This limitation will remain effective except when additional representation is needed to advise on technical or special problems.

1. Should additional representation from one company be requested, the advisability of extending additional representation to all committee members will be considered.

2. A committee member may be requested to send another representative from his company as alternate when the Government Chairman believes the alternate better qualified by his technical knowledge and experience to discuss the subject on the program.

C. When a committee member is unable to attend, the Government Chairman may recommend that a representative be invited from another company having the same general qualifications as the member's company.

D. Invitations to industry representatives other than committee members will be extended only:

1. When the need for additional representation is clearly shown, as when special or technical problems are concerned.

2. When the representative character of the committee is not thereby impaired.

III. GOVERNMENT REPRESENTATION

A. It is the duty of the Chief of the Industry Operations Branch to notify Government agencies whose programs are specifically concerned in the program of the meeting. When, in his opinion, agencies other than those proposed by the Government Chairman should be invited, he will clear the appropriateness of such invitations with the Branch. When the Government Chairman desires representation from agencies whose functions are not clearly concerned in the agenda, the Chief of the Industry Operations Branch may withhold such invitations pending clearance with the Branch Chief.

B. Attendance for observational purposes is discouraged. Requests on the part of any agency for the privilege of sending a regular representative to each meeting of the committee will be declined pending a decision by the Deputy Director.

C. Attendance by superiors in the Government Chairman's direct line of authority and by a representative of the Solicitor's Office will, at all times, be sought, and notices of all meetings of any committee will be sent such persons on request.

D. Government representation must be from levels at least as high as those to which the industry members go for day-to-day decisions on their problems. It is the duty of the Industry Operations Branch to inform the appropriate authority when the character of representation does not conform to this policy.

IV. FORMATION OF THE COMMITTEE

A. The appropriate Branch Chief addresses a memorandum, approved by the Deputy Director in charge of Order Clearance, to the Chief of the Industry Operations Branch, recommending appointment of the Government Chairman. The memorandum should contain:

1. Name of proposed committee
2. Name and title of proposed Government Chairman
3. Brief statement of reasons for formation of the committee

B. The Chief of the Industry Operations Branch shall immediately prepare a memorandum of appointment for the Director's signature, unless unusual circumstances exist. If he is unable to approve the recommendation, he will notify the Branch Chief, stating the reasons for non-approval.

C. The appointment of the Government Chairman having been approved, he shall then make recommendations as to the membership of the committee

committee in a memorandum approved by his Branch Chief, addressed to the Chief of the Industry Operations Branch. The following information should be included:

1. Name of the committee.
2. Proposed date and expected duration of the first meeting.
3. Full name, title, company, and address (including street address in cities) of the recommended members.
4. Size of each company.
5. Trade association affiliation of each company.
6. Segment or subdivision of the industry represented by each company.
7. Efforts made to select membership identical with that of the corresponding OPA committee.
8. Any other pertinent information about each company necessary to decide whether the committee is representative.

- * * * * * * -

D. The Chief of the Industry Operations Branch determines whether the proposed committee membership is representative of the industry and conforms so far as possible with the OPA committee for that industry, and issues invitations to serve, giving (when possible) the date, time, room number, tentative program, and duration of the first meeting. A prompt reply will be requested.

1. If the committee, as recommended, is not representative or does not meet with the approval of the OPA, the Chief of the Industry Operations Branch will inform the Government Chairman promptly, advising him what type of changes should be made.

2. If any person declines to serve, the Chief of the Industry Operations Branch will notify the Government Chairman and request him to furnish the name of an appropriate replacement.

E. After receiving acceptance, the Chief of the Industry Operations Branch will prepare letters of appointment for the Director's signature.

V. MEETINGS OF ESTABLISHED COMMITTEES

A. Except in the case of emergencies, no meetings will be called with less than two weeks' notice.

B. When a meeting becomes necessary, the Government Chairman addresses a memorandum to the Chief of the Industry Operations Branch covering:

1. The name of the committee.
2. Proposed date and duration of the meeting.
3. Purpose of the meeting.
4. Whether or not a joint or consecutive meeting is desired by OPA.

C. At least 10 days before the meeting date the Government Chairman will submit a proposed agenda, together with the list of Government representatives to be invited, stating reasons for desiring them, unless it is obvious from the program.

D. The Industry Operations Branch will issue all notices of an invitation to the meeting, including a copy of the agenda.

E. When necessary in order to correlate policy, the Industry Operations Branch may call a review meeting of all Government representatives before the date of the full committee meeting.

F. In all cases, the commodity branch chief, the Government Chairman, and a representative of the Industry Operations Branch will meet the day before the full committee meeting to clear any matters in regard to policy and to work out the final time schedule.

VI. RESPONSIBILITIES OF THE CHIEF OF THE INDUSTRY OPERATIONS BRANCH

A. Issue invitations and notices of committee meetings.

B. Provide suitable conference rooms for meetings.

C. Provide competent reporters to prepare summaries of the meetings.

1. Government Chairman will be allowed 48 hours in which to approve or amend the summaries. After clearance with the Solicitor a copy of the summary will be sent to committee members, Government representatives, and the Regional Directors. Distribution may also be made to trade associations if the summary does not contain confidential material and if the association will distribute it to all units in the industry. The Government Chairman may, for good reason, request that no distribution be made.

2. Verbatim transcripts will be prepared only on written request of the industry, and such requests must be justified.

D. Prepare a draft of a press release to be issued after each meeting, unless otherwise instructed by the Government Chairman. It is advisable to include a discussion of the subject matter to be released as a last item on the agenda of the meeting. Copies of the proposed press release will be sent to the Government Chairman and to the Marketing Reports Division. The Marketing Reports Division will prepare the final draft and clear with the Branch.

E. Supervise the preparation and maintenance of complete files on each committee and each meeting thereof for the use of authorized persons.

F. Send to the Solicitor and the Chief of the commodity branch notice of each meeting in advance, together with a brief program of the meeting.

G. Cooperate with the Solicitor and the Government Chairman to protect committee members:

1. By limiting discussions to the exchange of advice, information, and recommendations pertinent to the functions of the War Food Administration.

2. By informing the committee that through meetings of industry with the Administration or its representatives for the purpose of giving advice and making recommendations are legal, no agreement or action of any kind should be made or taken by committee members except upon the written request of the Government Chairman. The Government Chairman will make such a request only after the proposed action or agreement has been given the necessary legal clearance.

3. By stating that any meeting of committee members not properly called and held in the presence of the Government Chairman may be regarded by the Department of Justice as subject to the normal operation of the Anti-Trust Laws.

H. Promote cooperative and joint use of Industry Advisory Committees with other agencies.

I. Be available to personnel of the Branches for information and advice on all phases of committee work.

J. Prepare a report, with the assistance of the Government Chairman, to the Director in charge of Order Clearance in all cases where the proposed program of the Food Distribution Administration presented at a committee meeting encounters considerable opposition.

/s/ E. A. BEYER

Chief, Industry Operations
Branch

M-110

WAR FOOD ADMINISTRATION
Food Distribution Administration
Washington 25, D. C.

November 28, 1945

INDUSTRY OPERATIONS BRANCH MEMORANDUM NO. 2

To: Branch and Division Chiefs, Regional Directors and Government Chairmen of Food Industry Advisory Committees

From: E. A. Meyer, Chief, Industry Operations Branch

Subject: Use of the "Task Letter" To Obtain Information From Industry

When further study is needed on a problem raised in an Industry Advisory Committee meeting, or the assistance of the industry is needed in gathering information, a "task letter", may be used. The task letter is provided for in our clearance with the Attorney General. It is usually addressed to three industry men, known as the "task group", requesting them to carry out a specific assignment. The letter should always be sent, even if it merely confirms verbal instructions and should predate any general activities on the part of the group. The letter is for the protection of the industry men against violation of Antitrust Laws and the protection of the Government in case the group should overextend its activities.

Your attention is called to these points.

1. The letter must clearly state the relation of the requested information to the War Food Program of the Government. The letter must not be used to give clearance to groups desiring to present programs designed for relief from alleged hardships. Programs of this latter type are handled informally, with the activities of the responsible parties subject to the normal operation of the Antitrust Laws.

2. The letter, after approval by the commodity branch chief, should be routed to the Industry Operations Branch for clearance of over-all policy and with the Solicitor.

3. The task should be clearly defined, so the task group knows exactly what is expected of them.

4. A time limit should be set to prevent the task group from working together indefinitely.

5. Three copies of each task letter should be sent to the Industry Operations Branch.

Members of task groups are not necessarily committee members, nor must they be representative of the industry. For this reason they should be referred to as "groups", rather than committees. While it is customary not to appoint a chairman, and to give each member identical responsibility, there is no objection to their agreeing informally for one of them to take the lead. All of them should sign the report.

Before a task group recommendation which would affect the industry generally, the report should be reviewed by the Meeting Advisory Board for concurrence to get the comments of the representatives group. In many instances, the task group is often requested to send a copy of the report directly to each committee member by a specified date, and a meeting is scheduled to fall within a week or ten days. This gives the committee members time to study the report and assemble the facts and opinions for presentation at the meeting. Unless the committee members have the report in advance of the meeting, much time is consumed in reading it to them, and at best you only get their "snap" judgment.

If care is taken to explain to the members the importance of the task and a goal is set for them to reach, they will work hard and unselfishly to help the Food Distribution Administration and the war effort.

/s/ L. A. Moyer

L-109

WAR FOOD ADMINISTRATION FOOD INDUSTRY ADVISORY COMMITTEES

Dairy and Poultry Branch
- Butter
- Canned Poultry
- Cheese
- Dried Milk
- Evaporated & Condensed Milk
- Frozen & Dried Eggs
- Ice Cream
- Infant Food
- Milk Sugar
- National Fluid Milk Conservation & Control
- Poultry
- Shell Egg

Fats and Oils Branch
- Cotton Seed & Peanut Oil Milling
- Edible Oil Refining
- Fatty Acid Manufacturers
- Grease Oil Producers
- Linseed Crushers
- Margarine Manufacturers
- Mayonnaise & Salad Dressing
- Soap and Glycerine
- Soybean Processors
- Sulphonated Oil Manufacturing

Grain Products Branch
- Baking
- Beet, Carrot & Onion Seed Growing Contractors
- Breakfast Cereals
- Corn Products Refining
- Dry Bean
- Dry Corn Millers
- Dry Pea
- Dry Soup Mix
- Field Seed
- Rice Milling
- Soya Flour
- Vegetable Seed
- Wheat Flour Milling
- Distilling

Livestock and Meats Branch
- Livestock & Meats
- Meat Canning
- Wool

Fruit and Vegetable Branch
- Apple Products
- Canned Asparagus
- Canned Beets & Carrots
- Canned Fruit
- Canned Lima Beans
- Canned Peach, Pear, Apricot and Plum
- Canned Peas
- Canned Spinach and other Greens
- Canned String Beans
- Canned Sweet Corn
- Canned Tomatoes & Tomato Products
- Canned Vegetable
- Canned Vegetable Baby Food
- Citrus Concentrate
- Concord Grape Grower
- Concord Grape Processor
- Dried Fruit
- Edible Tree Nut
- Fresh Apple
- Fresh Apricot, Plum & Fresh Prune
- Fresh Berry
- Fresh Citrus
- Fresh Fruit & Vegetable Distributor
- Fresh Peach
- Fresh Pear
- Fresh Sour Cherry
- Fresh Sweet Cherry
- Frozen Fruits & Vegetable Packers
- Juice Grape
- Kraut Products
- Miscellaneous Vegetable
- Non-Seasonal Canned Foods
- Onion
- Pectin
- Pickle
- Preserve Manufacturers
- Processed Citrus Fruit
- Processed Red Sour Pitted Cherries
- Raisin
- Sweet Potato
- Table Grape
- Vegetable Dehydration
- White Potato
- Over-all Fresh Vegetable
- Horticultural (IAC on Foreign Trade)

Special Commodities Branch
- Baking Powder
- Brewing
- Candy Bar Manufacturers
- Canned Fish
- Cocoa and Chocolate
- Coffee
- Distilled Spirits
- Distilled Spirits Rectifiers
- Essential Oils
- Flavorings & Extracts
- Fresh and Frozen Fish
- General Line Confectionery
- Honey
- Ice
- Industrial Oil of Peppermint Users
- Macaroni, Spaghetti
- Packaged Goods Confectionery
- Peanut Food
- Precooked Cereal Baby Foods
- Soft Drink
- Spice
- Tea
- Wine
- Yeast

Sugar Branch
- Beet Sugar Processing
- Cane Sugar Refining
- Louisiana Cane Sugar Refining
- Edible Molasses

Tobacco Branch
- Burley Tobacco
- Cigar Leaf
- Dark Tobacco
- Flue-Cured Tobacco
- Tobacco Manufacturing

School Lunch & Distribution Branch (OS-CCC)
- National Retail
- Wholesale Food Distributors

Marketing Facilities Branch
- Refrigerated Warehousing

Industry Advisory Committees, Meetings, and Conferences, by Commodity Branches

Commodity Branch	No. of Committees 6/30/45	No. of Meetings Held 7/1/44 - 6/30/45	Percent of the Total of Meetings Held	No. of Committees 11/30/45
Total	129	131	100%	91
Dairy & Poultry	12	18	13.7	Dairy 8) 10 Poultry 2)
Fats & Oils	10	5	3.8%	3
Fruit & Vegetable	58*	65	50.0%	53*
Grain	13	8	6.0%	4
Livestock	2	1	.7%	0
Special Commodities	27	19	14.5%	13
Sugar	5	6	4.6%	5
Tobacco	5	4	3.0%	2
Civilian Food Req.	2	2	1.5%	2
Marketing Facilities	1	2	1.5%	1
Office of Materials & Facilities	--	1 (Ind. Conf.)	.7%	-

* 11 are Regional Industry Advisory Committees

Attachment 3 (cont'd)

FOOD INDUSTRY ADVISORY COMMITTEES - WAR FOOD ADMINISTRATION AND U. S. DEPARTMENT OF AGRICULTURE

From January 15, 1943 to November 30, 1945

	As of 6/30/43	As of 6/30/44	As of 6/30/45	As of 11/30/45
No. of Committees - Total	53	111	115 Natl.) 129 14 Reg.)	77 Natl.) 91 14 Reg.)
	1/15/43 to 6/30/43	7/1/43 to 6/30/44	7/1/44 to 6/30/45	7/1/45 to 11/30/45
No. of IAC Meetings and Industry Conferences Held	62	188	131*	24
Total No. Industry Attendances		2100	1735	
Total No. Industry Attendance		2800	1916	
Total Av. Attendance per meeting		25	26	

* See attached break-down by Commodity Branch

(Over)

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OF
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FOOD PROGRAMS IN WAR EMERGENCY
JULY 1950

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SUMMARY OF COMMENTS OF PMA BRANCHES ON FOOD PROGRAMS IN WAR EMERGENCY
July 1950

I. GENERAL

A. COMMENTS ON EMERGENCY LEGISLATION

Fats and Oils Branch

1. Legislation Should Clearly Define Agricultural Commodities or Food

   The definition of agricultural or food items should include cotton, linters, tallow, grease and other inedible fats and oils such as castor, sperm, linseed oil, etc. in order to avoid jurisdictional disputes on what are food items.

2. Legislation Should Include a Provision Similar To That In Last OPA Act Specifying Minimum Ceiling Prices For Agricultural Commodities.

3. Final Authority For All Matters Relating to Agricultural Commodities Should Be Assigned To Secretary of Agriculture.

Grain Branch

1. Stand-by legislation authority should be provided to

   a. Limit and control exports and imports.

   b. Authorize priority of distribution through allocation of the raw commodity.

   c. Provide authority to claim priority of delivery of grain products from manufacturers for Government purposes.

   d. Require manufacturers to process, package, and deliver to the Government within reasonable time and on reasonable terms.

   e. Authorize negotiated purchases and the taking of prompt delivery from manufacturers subject to later negotiation for price settlement in the event immediate agreement cannot be reached.

   f. Apply sanctions for improper failure to fill Government orders.

2. In World War II, the President by Executive Order, waived U. S. import tariff on wheat purchased in Canada by CCC so that CCC would not have to pass this added cost on to farmers or absorb it from appropriated funds. New war-time legislation should include this provision.

Livestock Branch

Provision might be made in the legislative authority as to the minimum levels that can be set absolutely or in relation to parity or feed prices.

B. OTHER ACTIONS AND STUDIES TO BE UNDERTAKEN BY PMA

Dairy Branch

The subject of military agencies using PMA's inspection and grading services might be taken up at the Department level in the near future with the Department of Defense.

Fruit and Vegetable Branch

1. General subjects which should receive early attention.

   a. Emergency period farm price policy.
      1. Advisability of farm price ceilings.
      2. Level of farm price ceilings.

   b. "Hold-the-line" and "roll-back" policy, including the use of subsidies to facilitate such policy.

   c. Total control versus selective controls - their effectiveness and limitations.

   d. The merits of simplified controls under a condition of multiplicity of controls.

   e. The soundness of preventive action versus coorective control action.

2. Specific control actions which should receive early attention.

   a. Assistance to the armed services in acquiring their requirements of processed fruits and vegetables from the 1950 packs through the use of such devices as set-aside orders.

   b. Possible need to control the exports of some items.

   c. Utilization of the 1950 California grape crop to assure a reasonably adequate supply of raisins being made.

Livestock Branch

Negotiations should be initiated with proper officials in Defense Establishment to inform them of PMA meat grading services PMA is in position to render and arrangements made for use of this service in purchases by the Army. (Also see Item C-2 under part X.)

Poultry Branch

1. Review of existing legislation is recommended since there are certain inconsistencies in present laws.

2. An example of such inconsistencies is the situation where military agencies are required to purchase supplies at lowest possible price while Department of Agriculture may decide that higher prices are required in order to stimulate production.

Sugar Branch

1. Study and formulation of fundamental rationing policies might be undertaken by a PMA Committee composed of persons from Branches likely to be most effected.

2. Similar committees might draw up plans for formulation of price control and allocation programs and other phases of control.

3. Within framework of these basic plans a sugar rationing or meat rationing or individual price control program could be developed.

Tobacco Branch

Plans for procurement should be formulated in conjunction with defense agencies. (See Item A of Part XI for discussion outline.)

Transportation and Warehousing Branch

1. Explore advisability of establishing emergency stockpiles of food sta ples back of port areas.

2. Consider stockpiling food staples in Hawaiian Islands, Alaska and Caribbean possessions.

Grain Branch

1. The Department should determine which grain commodities are to be procured by the military and other agencies and Grain Branch should recommend to such agencies supply, time of purchase, timing, amount of such commodities procured by them.

II. ECONOMIC MOBILIZATION - OVER-ALL PRICE CONTROL, RATIONING, MANPOWER AND OTHER POLICIES AND PROGRAMS

Sugar Branch

1. Basic Assumptions

Controls likely to be needed as listed under 2 below would be needed and would be recommended only in the event of a full-scale emergency requiring full mobilization. A lesser emergency and plans for same would involve considerable modification.

2. Controls Needed

(a) Price Control
(b) Rationing
(c) Allocations

(1) Among classes of users
(2) Among individual business enterprises

(d) Transportation-controls, including internal and external transportation
(e) Wage freeze or other similar control of wage levels
(f) Manpower allocations or restrictions
(g) Export and import controls
(h) Fiscal controls (credit, taxes, etc.)

3. Public Education

A well organized public education program needed to inform public of reasons for controls and their role in them.

4. Purpose of Controls

(a) Most fundamental decision is whether such controls are to be operated as a defensive or as an offensive weapon. In World War II controls were largely defensive and imposed on a piece-meal basis (examples: efforts to prevent inflation by price controls and rationing while wages, etc. were permitted to advance).

(b) Imposition of controls one at a time seriously complicates their administration.

(c) Examples of Offensive or Agressive Controls Would Include:

(1) Prohibition of use of manpower in production of commodities or products not essential to the war-time economy.
(2) Deliberate discouragement of production of certain non-essential agricultural products in order to divert land and manpower to production of more essential commodities.

(d) It is important to recognize that timing of imposition of controls is highly significant factor, even though circumstances might make operation of full scale agressive control program impossible.

(1) Possible to divert manpower from non-essential to more essential production even without full manpower controls.
(2) Possible to create deliberate shortages and impose rationing of one commodity in favor of increased production of others.
(3) Possible to time imposition of rationing program, price or wage freeze before level of supply or wages and prices had deteriorated or advanced too far.

5. Manpower Utilization Controls Essential

(a) Well coordinated, well planned program with centralized control of utilization of manpower required.

(b) May be desirable to impose a freeze on jobs and wages in Federal set-up to prevent raids between and within agencies.

6. Need For Integrated Food Rationing and Price Controls

(a) Price alone will distribute supply but not in manner to achieve Government objectives or fair distribution.

(b) Unbridled price rises produce:

(1) Aggravated inflation
(2) Uneconomic distribution of commodities and manpower
(3) Extreme hardships on low-income groups

(c) Price controls without complementary rationing machinery aggravates pressures on price ceilings when commodities are in short supply by concentrating price pressures in georgraphic areas of shortest supply.

(d) Use of distribution controls without price controls causes undue strain upon distribution system and breakthroughs occur in the distribution system where price pressures make violations of the distribution regulations attractive to some persons.

7. Most Logical Plan Is Simultaneous Institution and Operation of Price and Distribution Controls, Well Integrated and Directed Toward a Known Government Goal

(a) If possible, simultaneous use of these controls should be made.

(b) Initiation of rationing controls requires longer planning and preparation than does price controls.

(c) "Freeze" technique not feasible in distribution control until after the distribution program is planned and ready to operate.

8. Timing of Imposition of Controls

(a) Piecemeal imposition generally ineffective.

(b) Control of prices without control of wages or vice versa not logical.

(c) If economic conditions deteriorate so that some controls are better than none, it is necessary to impose those that can be quickly put into effect and follow with others with as short a time lag as possible.

9. Coordination of Distribution and Supply Functions and Operations

(a) Distribution of food available for civilian consumption should follow pattern which fits most closely objectives of over-all government plan. In other words, when a civilian residual of food is determined, this should not necessarily be distributed on an "equitable" basis but should be distributed on a basis which will most effectively implement objectives of the major plan. Coordination between rationing agency and supply agency is essential in this regard.

Poultry Branch

1. Inflation A Problem To Production And Supply Programs

Many production and supply programs are avoidable if adequate controls are maintained over inflationary pressures which result from large scale spending programs.

2. Methods For Controlling Inflation

(a) Monetary and fiscal controls to prevent increases in consumer spending.

(b) Rationing and price ceiling controls.

(c) Under all-out effort, probably necessary to use both methods, but the more use is made of the fiscal and monetary controls the fewer problems with rationing and price controls.

Livestock Branch

1. Consumer Purchasing Power Will Be Determining Factor As To Needs For Food Controls In Event Of War; Therefore,

   (a) Most feasible way to handle situation would be to freeze entire economy in one order.

   (b) Increases in income taxes, particularly taxes on increased earnings, should be made immediately.

2. Rising Meat Prices, With Increased Income, Will Make Meat One of First Food Items on Which Price and Other Controls Will Be Demanded

   (a) Although herds are in higher state of productivity than at beginning of World War II, meat prices will be pushed up by increased consumer income due to:

      (1) Full employment
      (2) Shift from 5-day to 6-day week plus overtime
      (3) Restrictions on production of consumer goods will result in larger share of consumer income being available for meat.

3. Failure to Control Consumer Incomes with Control of Meat Prices Will Cause Black Markets

4. Neither Price Control Nor Rationing of Meats Can Operate Effectively Without Complete Control of Nation's Meat Supply

5. Neither Meatless Days Nor Voluntary Meat Rationing Schemes Have Significant Effect In Holding Down Civilian Demand

6. Price Ceilings Should Be Established At Levels Which Do Not Involve Payment of Subsidies In Livestock Field

Grain Branch

Price control should start with the raw material and the price for end products (flour and bread) should be related to that level, taking into account manufacturing and other costs.

III AGENCY RESPONSIBILITIES AND RELATIONSHIPS

A. RESPONSIBILITIES OF USDA AND WAR FOOD ADMINISTRATION

Agricultural Conservation Programs Branch

1. Among More Important Jobs In Which PMA, Through Its Committee System, Can Be Of Great Assistance Are:

   (a) Determination of production pattern which must be followed.

   (b) Allocations of acreages in the form of allotments or goals needed to assure kinds and amounts of commodities required.

   (c) Allocation of farm machinery and other manufactured items such as wire, pipe, tires, fuel, etc. necessary to agricultural production. The committee system could be used in an advisory capacity to assist the agency responsible for allocation of these items in determining distribution to individual farmers.

   (d) Assist in determining required farm labor supply and in placing labor in areas where need exists.

Dairy Branch

1. War-time Services Which Can Best Be Performed by USDA And PMA:

   (a) Procurement

   (b) Storage

   (c) Shipping

   (d) Inspection and Grading

2. Other Activities On Which Planning and Action May Be Required Within the Department Include:

   (a) Determination of requirements for

      (1) Agricultural labor
      (2) Machinery and supplies
      (3) Transportation

Livestock Branch

1. Department Of Agriculture Should Have Responsibility For:

   (a) Estimating supply of meat

(b) Allocating (including exports and imports) supply

(c) Controlling over-all supply

(1) Set-aside orders
(2) Slaughter control

(d) Conducting all meat grading services to avoid duplication with Army and other agencies. (Also see Parts I-B and X-C-2).

(e) Participating in establishing ceilings for livestock, meats or raw wool, with authority to approve any action of the price control agency in establishing, modifying or continuing price ceilings.

Marketing and Facilities Research Branch

1. Importance For Agency Having Responsibility For Food Program To Have Jurisdiction Over Use Of Food Processing And Marketing Facilities And Power To Determine Where Expansions Of Such Facilities Are Needed

(a) Included are only those facilities exclusively used for handling of food such as refrigerated warehouses, cotton warehouses, grain elevators, tobacco warehouses, meat packing plants, food freezing plants, canning plants, etc.

(b) Examples of difficulties in World War II are:

(1) The Office of Defense Transportation which attempted to control the use and expansion of cold storage warehouses and at one point attempted to tell the Department the type of storage contracts it should enter into and where commodities should be stored.
(2) The Storage Division of WPB and the Department up until the last two years of the War when WPB, while continuing to have authority to approve priorities for use of construction materials, did so only after priorities were recommended by the Department of Agriculture.

Poultry Branch

1. Responsibilities of Secretary of Agriculture:

Under general legislation authorizing allocation of all production resources Secretary should have authority to:

(a) Direct agricultural resources to necessary uses

(b) Specify what commodities shall be produced

(c) Establish producer prices for such commodities

(d) Allocate feed stuffs for production of specific livestock products

(e) Protect producers' income and investments in new production facilities

(f) Review all price control and rationing regulations affecting agriculture products as well as materials used in producing and marketing them

Sugar Branch

1. With Its Background of Experience And Personnel Department Of Agriculture Should Have Responsibility For:

(a) Planning and making major decisions in production

(b) Primary allocations to uses other than military

(c) Procurement of food — clear understanding needed early between the military and Department of Agriculture to prevent duplication of effort and to have Department procure food for the military

(d) Basic supply decisions on rationed foods

(e) Basic policy on food price controls

(f) Policy responsibility and authority for control of imported and exported food -- even though control mechanisms might be administered by a central agency

2. Agriculture Should Participate In Decisions Concerning

(a) Manpower

(b) Transportation

3. Summary Of Responsibilities Of Department Of Agriculture

The basic responsibility for obtaining and determining supply of foods should be in the Department. It should know the supply needed to meet requirements, be able to encourage or discourage production and be able to determine with precision how much is available for distribution in a given period. The Department, however, should not be responsible for or an active participant in the actual distribution functions. If determination of available supplies discloses that an insufficient amount is available to cover requirements, the

acquisition of additional supplies either by domestic production or foreign procurement should be a responsibility of the Department.

Food Distribution Programs Branch

1. Secretary as War Food Administrator

All new war-time food production and distribution authorities should be delegated to the Secretary of Agriculture.

2. Authorities Of Secretary

Present, plus additional war-time authorities, would provide the centralized authority required for full mobilization of agricultural resources.

Delegation to Secretary should clearly spell out functions for which Department has complete responsibility and those for which it has partial responsibility (manpower mobilization, transportation, price control, rationing).

Grain Branch

1. On basis of World War II experience, it is essential to have all control authorities relating to all grains and feeds and the food and feed processing industries vested in one agency. USDA already has directly related functions and responsibilities and, therefore, is the most suitable agency to administer these functions.

2. USDA should act as claimant agency for materials and facilities transportation and manpower for food production and processing, distribute from machinery to States and counties, and County Committees should serve on farm machinery and equipment rationing boards.

3. USDA should administer distribution controls for wheat supplies and beer.

4. USDA should have more comprehensive authority for control of baking industry. Such controls were dispensed among a number of agencies during World War II leading to confusion and inconsistency.

5. All grain products purchased in carload lots and wholesale packaging for the account of the U. S. should be procured through one agency within the Department, Army, Navy and Civilian supply programs on grain products for export should be procured through single agency of the Department.

6. Import Controls should be administered by USDA.

7. USDA should be responsible for farm and food industry labor programs.

8. As soon as it becomes apparent that a short supply or maladjustment of food and feed grains, protein feeds and seeds is developing, the Secretary should institute following actions:

   (a) International allocation of world food and feed supplies.

   (b) Control exports and imports.

   (c) Purchase supplies of food grains in foreign countries for redistribution to countries in greatest need even though such action may be on a resale basis (rice a good example in Far East).

   (d) Restrict inventories of manufacturers, processors and handlers to maintain orderly and equitable distribution, to prevent speculation. If food grains become in short supply, restrictions should be instituted on use of such grains for feeding purposes especially manufactured feeds for distilling purposes.

B. RESPONSIBILITIES OF OTHER EXECUTIVE AND WAR-TIME AGENCIES

Poultry Branch

1. Price and Rationing Controls should be vested in a new war-time agency as they were in World War II.

Sugar Branch

1. Retention of basic responsibility for supply logically should rest with executive agency having production under normal conditions but it is questionable whether direct and mandatory controls on producers, distributors and consumers should be or could be administered by several different agencies.

2. A temporary agency for emergency price and distribution functions
   (a) Has economical and psychological advantages
   (b) Can concentrate its efforts on emergency phases of over-all government program thus effecting a consolidation of price and distribution efforts, permitting a more effective utilization of personnel and facilities and providing a centralized operation to which producers, distributors, and consumers could look for guidance in emergency aspects of government's program.

3. Single agency for planning and coordinating economic mobilization essential.

Tobacco Branch

1. Price Controls as they affect agriculture should be assigned to an "agriculture unit" within the price control agency. This unit should have top calibre personnel which could represent and work with USDA and other officials of price control agency. Such a set-up would handle questions relating to agriculture and at same time eliminate most criticism of the type directed against the price control agency during World War II.

C. INTER-AGENCY RELATIONSHIPS AND COORDINATION

Agricultural Conservation Programs Branch

1. Participation in Allocation of Commodities - Necessity for close cooperation between those responsible for determining agricultural production patterns and those responsible for allocation of agricultural commodities for civilian and military and export purposes make it essential that PMA be represented on the agency or board which will allocate the commodities.

2. Participation in Price Controls - Importance of farm production in an emergency requires that whenever price controls are put into effect, the Department of Agriculture should have an important role in determining levels at which prices are to be controlled.

Transportation and Warehousing Branch

1. Participation in advance planning

   a. Essential for USDA to have full and equal representation on any inter-departmental emergency boards which may be established.

   b. USDA must share alike with the agencies in formulating emergency policies and plans, particularly as they apply to transportation and storage of agricultural commodities.

Dairy Branch

1. Department of Agriculture and PMA Should be Prepared to Perform Such Assignments as are Given by Congress and the President

   This means USDA and PMA should be prepared to accept policy direction from an outside agency whether it be NSRB or some other agency.

Grain Branch

1. Relationships on Transportation

a. To assure maximum use of all available facilities a permit system appears necessary with a central division or focal point established for distributing available cars to shippers in order of importance to war effort. Grain Branch would prefer to handle all shipping matters direct with officials responsible for apportioning available facilities on basis of merits of each individual shipment and its justification and importance.

IV. ORGANIZATION FOR AND ADMINISTRATION OF FOOD PROGRAMS

A. ORGANIZATION OF DEPARTMENT AND WAR FOOD ADMINISTRATION

Fiscal Branch

1. World War II pattern of Fiscal Organization was largely a centralized set-up in Washington and New York with partial fiscal and inventory record keeping in field offices.

2. Subsequent experience under decentralized plan fully justifies view that to maximum extent possible fiscal and inventory work should be decentralized and that as complete a job as possible should be assigned to offices conducting such activities.

3. Present decentralized plan would facilitate necessary increases and decreases and have advantage of being close to scene of operations.

4. Present integrated commodity office organization should be continued.

Agricultural Conservation Programs Branch

1. PMA's organization is a ready and available tool for carrying out in an emergency any action program affecting Nation's supplies of food, fibre, and soil crops.

2. There appears to be no necessity for establishing a War Food Administration as in World War II.

   (a) Secretary should be requested to delegate to PMA Administrator responsibility of carrying out those tasks which Department must assume in assuring ample supplies of needed farm commodities.

   (b) Matters affecting these supplies in any manner should be considered as merely a part of the over-all job and should be centralized in the agency now carrying out production adjustment and price support activities.

Dairy Branch

1. Present organization of Department and PMA for determination of agricultural labor, machinery and supplies is rather weak. Problems involved in labor, machinery and supplies cannot be

handled by commodity branches acting independently.

2. Transportation problems apparently would be handled by Transportation and Warehousing Branch.

Livestock Branch

1. War Meat Board, together with its Advisory Committee (For reason of public relations) should be reestablished.

   (a) Membership in World War II included USDA, Army Quartermaster, OPA and packing industry representatives.

   (b) Although War Meat Board itself was largely advisory, the Chairman had authority to act and did so when Board recommendations were in accordance with policies of War Food Administrator.

   (c) Board determined weekly quantity and place where meats for military and lend-lease could be purchased and the quantity available for civilian rationing. (Note: only time meat supply was equal to ration tickets was when Board's recommendations were followed and put into effect. Some people regarded controls adopted on basis of Board's recommendations as too strict and exceptions were made and controls dropped).

   (d) Statistical information on which Board was dependent has been continued by the Livestock Branch.

Food Distribution Programs Branch

1. War Food Administration a separate agency. Within Department, a War Food Administration should be established, the head of which should report directly to Secretary.

2. Functions of War Food Administration.
These would include present functions essential to wartime operations plus additional wartime authorities. Functions would include:

   (a), Planning production patterns based on requirements and supplies available.

   (b) Acting as claimant for agriculture in allocations of manpower, materials and facilities.

   (c) Directing programs necessary to achieve production goals.

   (d) Allocating supplies to claimants, including stockpiling.

(e) Programming and conducting procurement, transportation and warehousing operations of noncivilian food supplies.

(f) Managing civilian food supply to insure equitable distribution exclusive of food rationing.

3. Shift to Other Department Agencies of Non-War Food Programs. Administration of all but the most essential programs for food mobilization should be assigned to other agencies within the Department with clear authority for War Food Administration to require policy and program changes if such programs were inconsistent with over-all mobilization policy.

School lunch program administration, for example, could be placed in another agency subject to policy control by War Food Administration. Other examples of shifting program administration to other agencies are: in-plant feeding; market news; certain phases of marketing facilities; and wartime nutrition education programs.

Grain Branch

1. Advisory Committees

(a) Seed committees such as a Seed Production and Goals Committee, a Domestic Requirements and Allocations Committee, an International Requirements and Allocations Committee, and industry advisory committees would be needed to deal with seed production and distribution problems.

(b) There should be in USDA a Labor Advisory Committee to deal with labor problems both farm and food industry composed of representatives of AFL, CIO, American Farm Bureau Federation, Farmers Union Grange and two representatives of food and feed industries. Committee should meet with Secretary at least once each month and among themselves as often as necessary.

(c) Industry Advisory Committee for Alcohol and baking industry would be desirable.

B. ADMINISTRATIVE PROBLEMS

Cotton Branch

1. Effect of military mobilization

(a) If PMA policy is not to ask for deferments, Cotton Branch could lose several key officials.

(b) Branch could operate without unsurmountable difficulty even if these men were lost.

(c) As a general policy, Cotton Branch does not recommend deferment of reserve officers.

Fiscal Branch

1. Personnel

(a) Priority ratings for fiscal work should be high enough to permit retention of qualified employees.

(b) Present Washington staff is considerably stronger than before or during World War II. Field office leadership of fiscal work is more experienced than before but essentially the same individuals are in charge of fiscal work as during World War II.

(c) Call-up of all reserve officers would substantially deplete key fiscal personnel.

2. Fiscal Equipment

(a) Lack of electric accounting equipment essential to expeditious processing of volume transactions during World War II contributed to accumulation of backlogs. Arrangements to use equipment of other Government agencies and IBM Corporation proved inefficient and ineffectual.

(b) Essential that sufficiently high equipment priority be obtained to permit retention of present equipment as well as necessary expansion.

V. EFFECT OF EMERGENCY PROGRAMS ON CURRENT PROGRAMS, FUNCTIONS AND OPERATIONS

Dairy Branch

If and when large-scale military operations are imminent and Nation moves toward a full-time war, it should be recognized that the primary objective of all agencies will be to win the war. This means essentially that nothing else will really matter and all of the PMA programs will have to be subordinated to war activity.

Transportation and Warehousing Branch

Present PMA reporting of net piling space and percentage of occupancy for 90% of commercial cold storage warehouses should be expanded. (Also see Part IX-A.)

Livestock Branch

1. Meat Grading Service

   (a) Service should be made mandatory if price ceilings are adapted on basis of grades

   (b) At present, better to finance service on a fee basis with trust fund than to conduct it with appropriated funds

      (1) Large expansion
      (2) More flexibility on a fee basis in shifting and expanding field force to emergency conditions

2. Market News Service

   (a) If price ceilings are adopted, need for market news service as now conducted is questionable.

   (b) During World War II, market news service for most part was merely reporting ceiling prices and value of other reports such as volume of receipts, etc. was questionable since weekly information was required and was obtained in the War Meat Board operation.

3. Packers And Stockyards Act

   (a) If costs are frozen, there would be no need to perform rate-making work as at present.

(b) If costs were not frozen, it would be unfair to stockyards and market agencies not to recognize costs in determining rates.

(c) Packers and Stockyards Division would also be in a position to institute and encourage levelling out of receipts at markets in order to conserve manpower and to make salable supplies more uniform throughout the trading week.

4. Procurement And Sales Division

(a) If USDA increases its procurement activities it would be necessary to expand this Division. In World War II branch acted as purchasing agent for lend-lease and all other government agencies except the military. In case of the military advisory assistance was given and in some cases helped with their purchases.

(b) During last two years of World War II, Chicago Office of Procurement and Sales Division operated set-aside orders.

5. Wool Division

(a) Unless required to provide market for domestic wool production or controlling the supplies, marketing of wool should be continued through regular commercial channels.

(b) During World War II all domestic wool was required to be sold to CCC at ceiling prices. No policing of free markets in raw wools because at no time was there a shortage and free market prices for domestic wool were not as attractive as CCC prices, due largely to influx of foreign wool. OPA policed price ceilings on finished goods and prosecuted numerous violations. WPB strictly controlled manufacturers for civilian purposes.

VI. REQUIREMENTS AND SUPPLY PROGRAMMING - No specific comments received.

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VII SUPPLY ALLOCATIONS

A. DOMESTIC U. S. ALLOCATIONS

Grain Branch

1. Standby Authority Should Be Provided For Allocation Of Raw Products In Event Distribution Controls On Grain and Grain Products Is Required For National Security

   (a) This will allow domestic economy to operate unhampered unless and until danger signs appear to point to imbalance between supplies and requirements.

   (b) When such a situation requires allocations should be applied to the raw products on the grains themselves with the processed products falling into pattern of control through priority for essential use of the end product.

2. In Projecting Allocations Major Emphasis Should Be Placed On Allocations At The National Level

   (a) This contemplates representation by all agencies interested or affected and should cover both domestic and export use of U. S. supplies.

   (b) Control should rest with a U. S. allocations board or committee.

B. INTERNATIONAL ALLOCATIONS

Grain Branch

When Situation Requires Coordination of Supply and Requirement Problem With Foreign Countries, It May Be Necessary To Give Attention To An International Allocating Agency. Such An Agency Could Well Be Set Up Within Framework Of The Food And Agriculture Organization.

VIII. DOMESTIC PRODUCTION PROGRAMS TO MEET REQUIREMENTS

A. Production Adjustments

Sugar Branch

1. Offensive or Aggressive vs Defensive, Piece-Meal Approaches.

2. Production of Essential Commodities Can Be Obtained By

   (a) Rigidly controlled prices
   (b) Direct prohibition against production of unessential items and related channeling of manpower and available acreage into essential items
   (c) Divert acreage from production of commodities with higher manpower requirements to other important commodities. Sugar beets a good example.
   (d) Increase effective utilization of acreage and manpower by production of cereals for direct human consumption rather than produce feed for livestock or other indirect use.

3. Obstacles To Full-Scale Agressive Program Include:

   (a) Reduction of production of certain commodities would have serious bearing on investments in related processing plants (sugar beet processors a good example.)
   (b) Individuals engaged in processing and marketing commodities would suffer economic losses.

Fats and Oils Branch

1. Secretary of Agriculture Should Have Authority To Increase Prices Above Minimum Ceiling Prices (Guaranteed In Basis Emergency Legislation) Where Necessary To Attain Desired Production or Adjust Prices Between Competing Crops

   Under this provision, it would be mandatory for Price Administrator to increase price of products as required by raw product price increases, thus eliminating payments of subsidies to farmers as was required on flaxseed for short time during World War II when OPA refused to increase product ceiling prices after an increase in support price level.

Grain Branch

1. National preparedness involves, in the case of grain, the need to maintain reserve stocks adequate to meet any emergencies which may reasonably be expected to arise from the existing world situation.

2. Already a national acreage allotment has been proclaimed for the 1951 crop of wheat which, with normal weather conditions, will result in a total supply of wheat substantially in excess of currently indicated domestic and foreign requirements. This allotment recognizes the unstable world situation which may give rise to eventual export requirements that could not be met without jeopardizing the interest of our domestic consumers.

3. Despite large carry-over of corn, there will doubtless be a need under the present international emergency to greatly increase our production of corn and other feed grains, and provision will have to be made to permit the maintenance of even larger stocks than are currently being carried. Larger crops of barley and grain sorghums are in prospect and the need for increased storage space will be correspondingly intensified.

B. Production Goals

No Comments on this Item.

C. Production Incentives

1. Price Support Guarantees

Agricultural Conservation Programs Branch

(a) The peace-time price support program may need to be expanded to include more commodities in order to assure farmers that production from acreages of allotment or goal crops will bring fair returns.

Grain Branch

(a) Price support guarantees on seed required. CCC Charter Act contains necessary authority.
(b) Suggested that price support for all major commodities be rigidly supported at 90% of parity. Price support levels of feed grains other than corn should be based on feed equivalent value of such commodities when compared to corn.
(c) Authority is provided in the Agricultural Act of 1949 for price supports above the minimum and maximum levels prescribed in flexible schedule if in interest of national welfare.

2. Production Payments

Grain Branch

a. Under wartime conditions, it may be necessary that incentives other than regular price supports will be needed to obtain increased production of certain crops for which wartime demands may be abnormally high. Consideration should be given to providing the necessary authority for making direct payments to producers as an inducement to obtain increased production of such commodities.

3. Production Subsidies

Fats and Oils Branch

a. Consideration Should Be Given To Authority For

i. Payment of or limitation upon subsidies such as those paid during World War II to dairy production, soybeans, peanut butter, shortening, etc.

ii. Prohibiting subsidies of this nature since increases on the part of consumers were in most cases negligible.

Fiscal Branch

a. Careful study of practices followed during World War II could lead to more effective procedures as to the parties and the point in producer-distribution chain for payment of subsidies in some cases. This could vary by commodities and would require a study of the production and marketing facilities in order to reach sound conclusions.

4. Other Incentives Such as Credit and Risk Guarantees

Grain Branch

a. Growing contracts between the Department and dealer-producers used in World War II would probably be necessary to expand vegetable production.

D. Conservation Measures

Agricultural Conservation Programs Branch

1. Conservation Farming Is Sure Way of Increasing Farm Output Immediately as Well as in Future

2. In Emergency, the Agricultural Conservation Program Should be Redirected By:

a. Stressing those measures which will give immediate returns in terms of production and which will best maintain the fertility and soil structure under an all-out production schedule.

b. Increasing above normal extent assistance available to farmers in carrying out such measures.

c. De-emphasizing during emergency measures which do not give immediate results in terms of production as well as those which require special equipment and skilled operators.

Grain Branch

1. Practice payments under ACP should be made for harvesting important field seeds.

E. Production Materials and Facilities

Grain Branch

1. Materials and Facilities Requirements and Supply Programming

a. USDA should act as claimant agency for farm machinery, equipment, fuel and tires needed by farmers and materials and equipment needed by processing industries.

2. Supply Allocations

a. Distribution to States of farm machinery should be made by USDA and distribution to counties should be made by State PMA Committees. Suggested patterns of distribution should be obtained from industry.

3. Farm Machinery and Equipment Rationing

a. A member of the County PMA Committee should serve on county rationing boards and the County PMA Committee should act as farm machinery committee.

F. Farm Labor

Principal immediate steps to be taken are:

1. Arrange with Selective Service System for appropriate protection of essential farm workers as established, operating farms.

2. Arrange for importation of farm workers in volume from Mexico, Caribbean Islands, etc. and for use of conscientious objectors, security risks, PW's, etc., in productive effort.

3. Provide housing for farm workers using labor camps from World War II to extent possible.

IX. DOMESTIC PROCESSING AND HANDLING

A. Requirements and Supply Programming

Poultry Branch

1. Civilian Consumer and Military Agency Shift Toward Ready-to-Cook-Poultry

   (a) Consumer shift has resulted in large increase in plants properly equipped to provide ready-to-cook poultry.
   (b) During World War II, military used more New York dressed poultry than ready-to-cook poultry. Since War military have been using large quantities of frozen, ready-to-cook poultry.

Transportation and Warehousing Branch

1. Cold Storage Facilities

   Present PMA information covers 90% of cold storage warehouses as to net piling space available and percentage of occupancy. Expansion of coverage of this type of information is recommended.

2. Dry Storage Facilities

   Supply of dry storage is more plentiful and can be more easily developed under emergency conditions.

Marketing and Facilities Research Branch

Importance of fixing responsibility for determining where additional facilities are needed in same agency (Department of Agriculture) responsible for other phases of emergency food program (See Part III A).

Grain Branch

1. Processing Facilities

   (a) No expansion of corn refining or beer industries will be required. It is doubtful that any large capital investment would be required to put the grain alcohol distilling industry back in same position as at termination of war and greater expansion is probably not necessary.

   (b) Surplus productivity of baking industry does not now exist nor does the industry have normal equipment replacement inventory.

2. Grain Storage Facilities

(a) Need for maintaining wheat production at high levels will intensify inadequacy of grain storage facilities which are already taxed to the limit.

(b) Immediate impact of a full-scale were on international wheat trade would probably be

(1) Falling off in U.S. exports followed by

(2) Substantial rise and this may necessitate

(3) Carrying over of larger stocks than presently indicated and in turn

(4) Further aggravation of shortage of storage facilities

(c) Anticipated larger corn, oats, barley and grain sorghum crops, plus carry-over of 1949 corn crop, will intensify tight farm and general storage situation.

(d) Most urgent need will be for expanded storage facilities suitable for storing grain over long periods of time with facilities for conditioning the grain for storage.

B. Plant Expansion - Financing - No comments on this item.

C. Materials and Facilities

Poultry Branch

1. Poultry Industry Not Likely to Require Large Quantities of Strategic Materials at least During Early Stages of an All-Out War

(a) Considerable plant expansion during World War II

(b) Considerable modernization since War

(c) At present, more than 60 egg drying plants in operation and others would be put into operation on short notice.

Grain Branch

1. Corn refining industry should have reasonably high priority rating because products of industry are used in manufacturing supplies and equipment for military and as supplement to sugar supply. Additional equipment for alcohol plants will probably be necessary.

2. Materials will be needed for expansion in grain storage facilities, principally steel and lumber, regardless of the type of facilities to be expanded (farm or commercial, bins or elevators, etc.)

3. To assure availability of adequate supplies of steel and lumber for expanded grain storage facility programs, legislation will be needed to authorize allocation of critical materials required.

D. Labor Supply

Grain Branch

Principal immediate steps to be taken are:

1. Arrange with Selective Service Boards for appropriate protection for essential workers in industries where operation is vital to USDA in discharging its responsibilities for providing adequate food, feed, and fiber.

2. Arrange for importation of foreign workers and use of other sources such as PW's, conscientious objectors, etc.

3. Arrange with USES for service for these industries.

4. Devise more effective means for dealing with labor stoppages caused by Labor, Management, collusion between them and other causes.

5. Arrange with U.S. Conciliation Service, Department of Labor, for handling Labor-Management problems in industries in which USDA is interested and provide for direct channeling of USDA information to conciliator and for word of USDA to be conclusive in regard to urgency for resumption of work.

E. Allocation and Use of Transportation and Storage Facilities

Sugar Branch

1. Necessity for conservation of both internal and external transporation facilities.

2. Example of conservation of transportation facilities during World War II is the zoning control of distribution of refined sugar by refiners, processors and importers.

   (a) Area within which given distributors were permitted to distribute was sharply defined, thus avoiding waste of transportation facilities.

   (b) Millions of ton-miles saved.

3. Similar savings in cement and beer industries possible but industry's objections too strong during World War II.

4. Other objective of transportation control is fair distribution, particularly if rationing is in effect.

Transportation and Warehousing Branch

1. Transportation

Basic assumption is that in event of emergency transportation controls would be instituted to provide equitable distribution of equipment to civilian and military programs.

a. An allocation and permit system as part of these controls is recommended.

b. Current position as to availability of refrigerator and tank cars (which are short even in peacetime) should be determined.

c. Adequate controls should be established for movement of commodities into export areas to prevent port congestion.

(1) Establish reconsignment and holding points at distances back of export ports thus facilitating orderly movement of cars into ports as ships arrive.
(2) Establishment of such reconsignment and holding points should be based on transit time between these points and the ports.

d. Transportation and Warehousing Branch now reviewing storage holdings in port areas to assist in eliminating any possible congestion in port areas in event of emergency.

e. Transportation and Warehousing Branch now considering upward revision of minimum carload weights in shipping PMA commodities in interest of conservation of rail equipment.

2. Warehousing and Storage

a. Desirable to establish certain controls over warehousing and storage.

b. Under emergency situation, refrigerated storage space, including cooler and freezer space, is critical and should be controlled by:
(1) Allocations of space, based on necessity, among potential users, both for civilian and military requirements.
(2) A supplementary permit system to govern the kind of commodity eligible for refrigerated storage and length of storage time.

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X DOMESTIC FOOD DISTRIBUTION PROGRAMS

A. EXPORT CONTROLS

Grain Branch

If grain supplies and seeds become short, export controls will be necessary to facilitate international allocations and insure maximum production of meats, milk and eggs.

B. IMPORT CONTROLS

Grain Branch

Import controls considered essential in case of war or preparation of war and present legislation is inadequate for extreme emergency conditions. Provisions for waiving U. S. import tariffs should be included in new legislation. USDA should administer import controls on agricultural commodities.

C. DISTRIBUTION CONTROLS AND WAR FOOD ORDERS

Grain Branch

1. To maintain equitable distribution of grains and feeds and prevent purchase and holding for speculative purposes, it will be necessary to restrict inventories of manufacturers, processors, and handlers. If food grains supplies become short, restrictions on use for feeding purposes and by distillers and brewers should be instituted.

2. Set-aside and limitation orders affecting the production of beer should be administered by the Department of Agriculture. There is no need for expansion of the beer industry.

3. There were no distribution controls on products manufactured by the corn refining industry in World War II and none are needed now.

4. Basic control of alcohol industry by limitation orders would follow the experience of World War II.

5. No attempt should be made to prescribe products to be produced by bakers. Baking industry should be allocated sufficient ingredients and materials to meet consumer demand. Milling of long extraction flour should not be required since it would deprive livestock and poultry of feed.

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Food Distribution Programs Branch

1. General

(a) Because in a fully mobilized economy the War Food Administration would need to exercise more authority over the civilian food supply than in World War II when civilians were for the most part, residual claimants and controls were primarily directed at reserving from available supplies that portion required to meet noncivilian allocations.

(b) With greater demands upon total food supplies, it would be necessary to exercise sufficient authority over flow of supplies to civilians to insure that actual civilian use was in line with approved civilian allocations, and for War Food Administration to undertake a broader civilian food management program and to program more exactly procurement schedules for noncivilian claimants.

2. War Food Orders and Rationing Controls

(a) Experience in World War II indicates

(1) Difficult to achieve equitable distribution under voluntary system used during World War II.

(2) Rationing was not an effective means of limiting total civilian use.

(3) Rationing controls alone not sufficient to direct flow of additional food supplies into critical shortage areas which generally are involved with population shifts to wartime production points.

3. Programs of War Food Administration to Supplement Rationing Program (and functions of unit within WFA responsible for Civilian Program)

(a) Acting as claimant for U. S. civilians.

(b) Recommending distribution authorities required to limit civilian use to allocated amounts.

(c) Recommending food rationing policy and acting as liaison with rationing agency.

(d) Developing and administering authorities to direct flow of food supplies into shortage areas.

(e) Working with food wholesalers and retailers on all civilian food distribution programs, except rationing operations.

(f) Developing special programs to plan for use, particularly processing of perishable supplies that are now and were regarded as seas onal surpluses.

Tobacco Branch

1. Assuming necessity for allocation of leaf tobacco among various purchasers and users

   (a) Procedures used in World War II seem reasonably satisfactory.

   (b) Allocation of leaf tobacco as distinct from price control should be vested in legislation.

Poultry Branch

No recommendations for improvement in War Food Orders which were successfully operated by the Department during last War. In current situation, legislation should provide for authority to issue orders which may be necessary to allocate properly agricultural products under shortage conditions.

Livestock Branch

1. Slaughter Control

   (a) First Step Should B e to Freeze Completely Non-Inspected Slaughter and to Force Non-Inspected Plants Eligible for Federal Meat Inspection to Accept Such Inspection

      (1) Need for mobility in meat supply to meet needs.

      (2) Increase in plants which can distribute only locally should not be permitted.

      (3) Operation of non-inspected plants should be strictly limited by use of quotas.

      (4) Inspected plants should not be limited in volume of operators but should be licensed with provision that license can be revoked for violating any control regulations.

   (b) Chain Stores and Other Retailers Should Not be Permitted to Divert or Curtail Meat Supply From Individual Packing Houses by Purchase, Leasing or Operation of Packing Houses.

To permit such operations is to create serious problems of obtaining compliance with price ceiling orders since wholesale price ceilings could be circumvented by operation of packing plants and normal distribution of meat distorted.

(c) The same policy outlined in Item 2 above applies to non-slaughtering processing operations and to custom and farm killing, which operates in same way as retail slaughters in circumventing ceilings.

(d) Farm slaughter should be held to minimum to conserve meat and by-products and to enforce price ceilings and rationing.

(e) Custom slaughter for home consumption should be rapidly controlled and meat obtained from such slaughter as well as from farm slaughter should be subject to rationing.

2. Set-Aside Orders

(a) Such orders are the only fair method of obtaining meat supplies for military agencies.

(b) When military supply situation requires set-aside orders, USDA should administer them.

(c) Arrangements must be made with Army to accept USDA grading in order to obtain proper compliance with such orders since use of several sets of standards or specifications makes it impossible to check set-aside meat for compliance with the order.

D. RATIONING RECOMMENDATIONS

Cotton Branch

1. No Present Need for Rationing of Raw Cotton

(a) Carry-over on August 1, 1950 will be about seven million bales or equivalent of $\frac{1}{2}$ year's requirements at rate of consumption and exports for last season.

(b) Some restrictions may be required later on disposition of cotton goods.

E. PRICE CONTROL RECOMMENDATIONS

Cotton Branch

1. Cotton Prices Should Be Controlled, If Needed, By Ceilings on Cotton Goods, As in World War II, Rather Than on Raw Cotton.

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2. Current CCC Stocks Available at Market Prices Together With New Crop and Additional Loan Stocks Moving Into Marketing Channels Will Level Off Cotton Prices

Grain Branch

1. As general policy, price ceilings should be established at 100% of parity to permit flexibility in market prices above support levels.

2. Price ceilings for feed grains other than corn should be established at level which will reflect feed equivalent value of such other feed grains relative to the feeding value of corn at parity.

3. When higher than parity prices are needed as inducement to increased production, authority to make adjustments in price ceilings should be provided.

4. Price ceilings on grains or oilseed crops should be established at producer level as flat county rates with quality and location differentials the same as for price support programs, with such adjustments as necessary to permit movement from surplus to deficit areas. Also necessary to establish maximum handling charges and dealer margins between points of production and points of conversion or utilization.

5. If necessary to put price ceilings in effect on one or more of the food and feed grains, such controls should be put into effect on all these grains at the same time.

6. Price ceilings on rice, dry edible beans and peas would not affect other food and feed grains. Ceilings on soybeans and flax would not affect other crops except other competing oil crops if feed grains were in sufficient supply.

7. Price ceiling programs could be developed by the Department within a relatively short time.

8. Announcement of establishment of ceiling prices should be put into effect well in advance of date of effectiveness and should include basic provisions which are to be incorporated in the ceiling price regulations.

Tobacco Branch

1. With Respect to Leaf Tobacco Being Offered For Sale By Farmers

   (a) Ceilings at Parity Prices For All Kinds of Tobacco Would Avoid Argument and Confusion And Be Acceptable To Growers.

(b) For Tobacco Types with Government Grading Services, Ceilings Would Work Best If Fixed On Basis of Government Grades

(c) For Some Cigar Types Where Grading Service May Not Be Available, Some Other Means for Determining Ceilings Would be Used.

2. With Respect to Old Stocks of Leaf Tobacco Held by Dealers Probably Best to Fix Ceilings At Some Point in Relation to Cost Of Tobacco In Inventory.

F. EMERGENCY STOCKPILING

Transportation and Warehouse Branch

It may be desirable to:

1. Explore advisability of establishing emergency stockpiles of food staples back of port areas

2. Consider stockpiling of food staples in Hawaiian Islands, Alaska, and Caribbean possessions.

3. Consider program of storing quantities of canned tomatoes and similar juices for use in substitution for drinking water in event water supply becomes contaminated. (England had such a program during World War II.)

Grain Branch

Baking industry has "know how" to stockpile great quantities of bakery products. Possibility of supplying consumers with "frozen bread" in event cities are bombed out should be studied.

XI. GOVERNMENTAL SUPPLY OPERATIONS

A. PROCUREMENT

Grain Branch

1. Basic Assumptions

   (a) National security requires production controls or adjustments on food and feed grain crops, oilseed crops, legumes, seeds, rice, etc.

   (b) Supply and demand for raw products as well as manufactured products point to need for conservation and controlled channeling into most essential uses.

   (c) Control authority is lodged with Department of Agriculture to adjust production, stockpile supplies and to allocate distribution of raw products to most essential uses and thereby control the end use of grain products.

2. Scope of Procurement

   (a) All carload lost and wholesale packaging procurement should be done by one agency within USDA.

   (b) Army, Navy and export supply program commodities should be bought by single USDA agency to make best use of available supplies in light of quantity, price, position, time of delivery and other considerations and to assure coordinated procurement.

   (c) Government purchases at the normal level of use by such agencies as Veterans Administration, U. S. Hospitals, Indian Service, post exchanges and purchases for clearly local use be left to requiring agency.

   (d) USDA procurement agency could make specific delegations of procurement authorization to other Government agencies at its discretion.

3. Foreign Procurement

   The purchase of supplies of food grains (especially rice) in foreign countries for redistribution to countries in greater need.

Fiscal Branch

1. Contracting

   (a) Some of the most serious fiscal problems arising from World War II were occasioned by lack of effective contracting.

   (b) Staff supervision of contracting practices and procedures should be provided to greater extent than during World War II and sufficient authority should be granted to supervisory group to train and supervise individuals with contracting authority.

   (c) Review of contracts should be made as they are in process (prior to execution to maximum extent possible) to detect and correct indefinite provisions or those difficult to administer.

2. Renegotiation Authority

   (a) CCC was not included as one of the agencies having renegotiation authority but did include renegotiation provisions in contracts during World War II.

   (b) Renegotiation legislation should cover PMA-CCC activities

3. Audit of Contractors and Vendors

   (a) Experience indicates that many wartime programs necessarily depend on audit of contractor's or vendor's books rather than any documentation which can reasonably be supplied in support of vouchers, etc.

   (b) Under situation similar to World War II, audit work should be expanded to keep reasonably abreast of activities being audited.

Fats and Oils Branch

1. Domestic Procurement

   Authority for domestic procurement should be included in emergency legislation and vested in Secretary of Agriculture or CCC.

2. Foreign Procurement

   Authority for off-shore procurement and any underwriting necessary to assure production of food and fiber should be vested in USDA, thus eliminating complicated directives procedure followed when FEA had this responsibility. Difficulties disappeared when responsibility was transferred to USDA and CCC.

Tobacco Branch

1. Plans for Procurement Should Be Developed in Conjunction with Defense Agencies and Should Cover:

   (a) Division of work as between different commodities and areas.

   (b) Assignment of personnel required as between USDA and the military.

   (c) Use of warehouse and storage facilities.

   (d) Organization for procurement.

2. Observations Based on Experience in World War II

   (a) Army Quartermaster Center organization relatively more efficient than USDA's set-up for procurement of perishable foods

      (1) Army set-up, while providing central control, permitted each unit or branch office to function as a complete entity on procurement, transportation, storage and accounting.

      (2) USDA set-up, with division of activities on a functional basis (procurement in one office, accounting in another, some activities in W shington and others in the field, etc., resulted in unnecessary confusion and inefficiency.

   (b) USDA organization for procurement of basic commodities such as grain, which was operated by Grain Branch and CCC field offices functioning as a unit, was more effective and efficient.

Poultry Branch

1. Inter-Agency Poultry and Egg Procurement Board Established by Secretary of Agriculture in World War II Effective in Coordinating Military and USDA Procurement Programs, in Planning Future Production Needs and in Adjusting Price Ceiling Policies to Realities of National Requirements

   (a) Legislative authority for its establishment not required in last war but question of need for such authority should be checked now.

   (b) Similar Board will be needed if large military and other procurement programs are necessary.

B. INSPECTION, GRADING AND RELATED OPERATIONS

Grain Branch

USDA has inspection services to insure the delivery of the purchased quantity and quality.

Poultry Branch

1. USDA Should Perform All Inspection and Grading Services for Military

   (a) At present, military uses USDA service for ready-to-cook poultry but do not use it for poultry or eggs

   (b) To conserve manpower by using existing staff engaged in poultry and egg inspection which packers will probably use less extensively during wartime conditions, USDA should perform grading for military.

C. STORAGE

Grain Branch

USDA should be the claimant before any US agency allocating materials for the quantities of such materials needed for expansion or maintenance of storage facilities.

Transportation and Warehousing Branch

1. CCC Inventories Should be Dispersed Both From a Security Standpoint and to Provide Easy Distribution Involving Short Rail Hauls in Time of Emergency

   Emergency stockpiling is a phase of this dispersal (See Part X F)

2. Large CCC Inventories Stored in Warehouses Leased by Commercial Warehouse Firms From Government are Being Surveyed and if Warranted by Emergency Situation Further Shipments Will Not be Made to these Facilities

   Leases usually provide an option for termination with 30, 60 or 90 days

3. Security Aspects Important Both For Commodities in Commercial and Government-Owned Storage

   (a) Natural Cooler Storage at Atchison, Kansas a particular problem since over 1100 carloads of commodities are concentrated there.

   (b) May be desirable to survey additional underground facilities.

D. TRANSPORTATION AND SUPPLY SERVICES

Grain Branch

1. A pool system of available transportation cars should be initiated with a focal point responsible for allocating cars to prospective shippers.

2. To maintain export schedules, to prevent congestion of ports, etc., a system of permits should be established to control shipments to port areas.

3. USDA should be the claimant agency for the food processing industry for adequate transportation facilities

Fats and Oils Branch

During World War II, there was considerable difficulty as to allocation of ocean shipping space for agricultural commodities. This was resolved by giving Agriculture authority to allocate space assigned to agricultural commodities as between various items.

Transportation and Warehousing Branch

Under emergency situation requiring special packaging for overseas shipment, particularly of current inventory items, a special prepackaging program will be required.

E. DELIVERY (no comments submitted on these items)

F. FINANCING (no comments submitted on these items)

XII. SPECIAL PROGRAMS

No comments received under this heading.

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HIGHLIGHTS OF COMMENTS BY PMA BRANCHES ON FOOD PROGRAMS IN WAR EMERGENCY
JULY 1950

I GENERAL

A Comments on Emergency Legislation

Three branches commented on emergency legislation. The Fats and Oils Branch emphasized the need for a minimum ceiling price for agricultural commodities and assignment of complete responsibility on agricultural matters to the Secretary of Agriculture. The Grain Branch suggested stand-by legislation to cover distribution and procurement controls, and controls over exports and imports. The Livestock Branch suggested that provision might be made for legal minimum prices taking into account parity or feed prices.

B Other Actions and Studies to be Undertaken by PMA

Miscellaneous comments by eight branches cover such subjects as the need for early consideration of price policy need for simplified controls, etc.

II ECONOMIC MOBILIZATION - OVER-ALL PRICE CONTROL, RATIONING, MANPOWER AND OTHER POLICIES AND PROGRAMS

Four branches discussed the need for economic controls of various types. The Sugar Branch indicated the need for price control, rationing, allocations, transportation controls, wage controls, manpower allocation, export and import controls and controls over credit and taxes. The Poultry Branch suggested that proper use of monetary and fiscal controls would remove some of the pressure from rationing and price ceilings. The Livestock Branch stated that meat prices will rise early and it is important to control the meat supply and consumer demand for meat and to establish price ceilings at levels which do not involve subsidies. The Grain Branch suggested that price controls should start with the raw material rather than the end product.

III AGENCY RESPONSIBILITIES AND RELATIONSHIPS

A Responsibilities of USDA and War Food Administration

The composite suggestion of the eight branches reporting on this subject was that the USDA and War Food Administration be responsible for estimating supplies and requirements for food, allocating agricultural commodities, insuring the necessary production of food, controlling imports and exports of food, administering distribution controls, including control over food warehouses, procuring food required by or through other Government agencies, administering farm labor programs, making deferment recommendations, serving as claimant agency on farm materials and equipment, making basic decisions regarding supplies of rationed foods and food price controls and working with other agencies, as necessary, on farm transportation. Not all of the branches had all of these views, and one of the branches went somewhat further in connection with rationing and price control. The FDP Branch suggested that the Secretary be named War Food Administrator and that the authorities delegated to him be clearly stated.

B Responsibilities of Other Executive and War-Time Agencies

The Poultry Branch and Tobacco Branch seemed to agree that price control should be in a separate agency, and the Poultry Branch would also place rationing in a separate agency. The Sugar Branch saw some advantage in a temporary agency for emergency price and distribution functions but questioned whether direct controls on producers, distributors and consumers could be administered by several different agencies.

C Inter-agency Relationships and Coordination

Branches reporting on this subject recognized the need for inter-agency cooperation on allocations, price controls, rationing, transportation and warehousing, manpower and materials and equipment.

IV ORGANIZATION FOR AND ADMINISTRATION OF FOOD PROGRAMS

A Organization of Department and War Food Administration

The general assumption of five branches reporting on the subject seemed to be that the present structure of PMA could be the nucleus of a war food agency. Three of the branches also recognized the need for close cooperation with outside agencies or groups. A sixth branch (FDP) suggested that a War Food Administration be designated within the Department, the head of which would report to the Secretary and that so-called "non-war" functions be transferred out, i. e., School Lunch, Market News.

B Administrative Problems

Both the Cotton and Fiscal Branches made comments regarding deferment. The Fiscal Branch was also concerned about the call-up of reserve officers and obtaining a high accounting-machine priority.

V EFFECT OF EMERGENCY PROGRAMS ON CURRENT PROGRAMS, FUNCTIONS AND OPERATIONS

The most complete report on this point came from the Livestock Branch, which suggested that meat grading should be mandatory if price ceilings are adopted on a grade basis, that the Market News Service as now conducted would not be necessary, that the Packers and Stockyards Division could help in certain ways and that the Procurement and Sales Division and Wool Division should be expanded if the pattern of World War II were followed. The Dairy Branch indicated that non-war programs would have to be subordinated.

VI REQUIREMENTS AND SUPPLY PROGRAMMING

No specific comments received.

VII SUPPLY ALLOCATIONS

A Domestic Allocations

The Grain Branch suggested the need for standby authority for the allocation of raw products and indicated that major emphasis should be placed on allocation at the national level.

B International Allocations

According to the Grain Branch, an agency for international allocations might be established within FAO.

VIII DOMESTIC PRODUCTION PROGRAMS TO MEET REQUIREMENTS

A Production Adjustments

The Sugar Branch indicated that production of essential commodities can be obtained by price control, direct prohibition of unessential production, and acreage diversion. The Fats and Oils Branch said that the Department of Agriculture needs authority to increase prices above the minimum ceiling price where necessary to obtain the desired production. The Grain Branch emphasized the need for adequate estimates of production needs.

B Production Goals

No comments.

C Production Incentives

The Grain Branch indicated the possible need for price support guarantees, production payments and, in some cases, growing contracts as production incentives. The Fiscal Branch and Fats and Oils Branch suggested the need for production subsidies. The ACP Branch saw the price support program as a production incentive.

D Conservation Measures

The ACP Branch emphasized the potential value of the Agricultural Conservation Program in increasing farm production.

E Production Materials and Facilities

The Grain Branch suggested that USDA be claimant agency for farm machinery and equipment which would be distributed through the PMA State and county office system.

F Farm Labor

Suggestions by the Grain Branch covered the need for draft exemptions for farm workers, importation of farm workers and housing for farm workers.

IX DOMESTIC PROCESSING AND HANDLING REQUIREMENTS AND SUPPLY PROGRAMMING

A Requirements and Supply Programming

Various comments on this point were made by a few branches. Apparently more information regarding cold storage warehouses and a clearer definition of agency responsibility on this subject is needed. The Grain Branch said that a small investment might put the alcohol plants back in position, and it emphasized the need for expanded grain storage facilities. The Poultry Branch indicated a greater need for plants equipped to process ready-to-cook poultry.

B Plant Expansion - Financing

No comments.

C Materials and Facilities

According to the Grain Branch, strategic materials are necessary for replacement of equipment in alcohol plants and for an expansion in grain storage facilities.

D Labor Supply

As in the case of production workers, the Grain Branch indicated a need for labor importation and the protection of essential workers. Better devices for dealing with labor disputes are needed.

E Allocation and Use of Transportation and Storage Facilities

The Sugar Branch indicated the need for conservation of transportation facilities and the importance of transportation in proper commodity distribution. The T&W Branch suggested that an emergency would bring with it transportation controls affecting minimum carload weights, availability of refrigerator cars, movement of commodities into port areas, etc. Controls over warehousing and storage would also be needed.

X DOMESTIC FOOD DISTRIBUTION PROGRAMS

A Export and Import Controls

The Grain Branch suggested the importance of export and import controls in a war economy.

B Distribution Controls and War Food Orders

Distribution controls would vary according to the commodity. The Grain Branch suggested the need for limiting inventories and restricting less essential uses. The Livestock Branch pointed out the need for better slaughter control and emphasized the value of set-aside orders. The FDP Branch said that distribution control must go further than set-aside orders and rationing. The War Food Administration should, according to the FDP Branch, serve as a claimant agency for civilians and work with retailers and wholesalers on all but rationing problems.

C Rationing Recommendations

The Cotton Branch saw no present need for rationing raw cotton.

D Price Control Recommendations

The Cotton Branch pointed out that proper disposition of CCC stocks would have some stabilizing effect and recommended that ceilings, if needed, be on cotton goods rather than raw cotton. Both the Grain Branch and Tobacco Branch advocated ceilings at parity so as to provide some flexibility in ceilings so that increases could be made as production incentives. The Livestock, Tobacco and Grain Branches indicated that ceilings should be related to grade and quality.

E Emergency Stockpiling

The T&W Branch considered the advisability of stockpiling back of port areas, and the Grain Branch indicated that the baking industry knows how to stockpile bakery products.

XI GOVERNMENTAL SUPPLY OPERATIONS

A Procurement

The Grain Branch would vest all government food procurement in one agency in USDA. The Tobacco and Poultry Branches, on the other hand, assumed a sharing of procurement responsibility with the military, and the Tobacco Branch pointed out that the facilities of the Army for procurement of perishable foods were better than those of WFA in World War II. The Fats and Oils Branch recommended that the war food agency be authorized to make foreign as well as domestic purchases. The Fiscal Branch pointed out the need for better staff supervision of contracting practice, and expanded audit activity.

B Inspection, Grading and Related Operations

The Poultry Branch recommended that the USDA should perform all inspection and grading services for the military. This seems consistent with ideas stated by the Dairy Branch and Livestock Branch.

C Storage

The Grain Branch indicated that USDA should be the claimant agency for food storage materials. The T&W Branch pointed out the strategic danger of concentrating inventories in a few locations.

D Transportation and Supply Service

The Grain Branch advocated that USDA be claimant agency for food transportation facilities and pointed out the value of a pool of available transportation cars. USDA, according to the Fats and Oils Branch,

should have authority to allocate ocean shipping space assigned to agricultural commodities. The T&W Branch pointed out the probable need for a special prepackaging program for overseas shipment.

E Delivery

No comments.

F Financing

No comments.

XII SPECIAL PROGRAMS

No comments.

Program Management Staff Evaluation of Branch Comments on Food Programs in War Emergency - July 1950

Most of the branches assume that a war food program should be administered by the Department of Agriculture under the direction of the Secretary. One branch has suggested that the Secretary be given the title of War Food Administrator. Most of the branches assume that PMA can be the nucleus of a war food agency. One branch suggests that non-war activities such as school lunch and market news should be transferred out, but this idea would probably not extend to inspection and grading which has a direct relationship to war-time supply operations. Most seem to feel that non-war programs would have to be deemphasized.

There is some variation in branch thinking on the scope of the food program which should be assigned to the Department of Agriculture and some variation is to be expected, since the thinking is largely from the standpoint of individual commodities. Apparently one commodity branch would consider giving the USDA more control over rationing and maximum prices than it had before while another commodity branch suggests a more limited role for the USDA than in World War II; this branch would restrict USDA largely to direct procurement and to the determination of requirements for agricultural labor, machinery and transportation.

Although the comment on a USDA war food program varies considerably, it can be added up to include the following major responsibilities: estimating supplies and requirements for food; controlling imports and exports of food; administering distribution controls, including warehouse controls; procuring or arranging for the procurement of food required by the Government or by authorized foreign governments in the interest of the war effort; procuring food abroad as necessary; administering farm and food labor programs, including relationships with the manpower agencies; serving as claimant agency on farm materials and equipment; making basic decisions regarding the supply of rationed foods; and participating in the planning of maximum food prices and in the planning of farm transportation.

These responsibilities follow basically the responsibilities assigned to the War Food Administration in World War II and they assume that many matters such as maximum price ceilings, consumer rationing, farm labor deferments, military food procurement, materials for farm machinery and equipment, transportation facilities and equipment, and shipping space will be controlled to a considerable extent by outside agencies. Not all of the branches would agree with this statement but it seems to be a valid generalization.

The branch comments reflect a healthy desire to profit by experience in World War II. For example, it is suggested that a close liaison with the military on food matters be maintained, that the military make use of

the regular inspection and grading service, that food contracting officers be more carefully supervised and audited, that control over meat slaughtering be strengthened by freezing non-inspected slaughter and by other measures, and that food be stored wherever possible away from port areas so as to avoid congestion.

A few suggestions reflect the possibility of a greater dislocation of our domestic economy. It is proposed, for example, that a mass concentration of food supplies be avoided and that stocks be distributed so they will not be vulnerable to strategic attack. Apparently, however, thinking on this point has not progressed very far and it is desirable that British experience on matters such as these be carefully reviewed.

SUMMARY OF COMMENTS ON DRAFT OF EMERGENCY POWERS ACT
FIFTH EDITION JULY 1950 (NSRB DOCUMENT 44 REVISED)

TITLE I — COORDINATION OF EXECUTIVE AGENCIES AND FUNCTIONS
(Reviewed by R. W. Herder)

Authorizes the President to redistribute functions among agencies of the Government, including agencies hereafter created by the Congress or the President. This Title is almost identical to Title I of the First War Powers Act of World War II.

No suggestions for revision of this Title.

TITLE II — EMPLOYMENT WITHOUT COMPENSATION
(Reviewed by Arthur Holmaas and John T. Whalen)

Authorizes the employment of "dollar-a-year" men during time of war or national emergency. Entirely acceptable.

No changes recommended.

TITLE III — ACQUISITION AND DISPOSITION OF REAL PROPERTY
(Reviewed by C. E. Offut)

Permits the President to authorize any Government agency to acquire by purchase, donation, exchange, or other means of transfer or by condemnation proceedings, any real property, temporary interest therein, and personal property thereon, that is necessary for national defense.

No changes recommended in this Title.

TITLE IV — CREATION AND POWERS OF GOVERNMENT CORPORATIONS
(Reviewed by K. A. Brasfield)

Grants to RFC broad powers to procure materials, build plants, acquire facilities, lease facilities to others to engage in production, transportation or storage or to engage in these activities directly. RFC may also finance such activities. The President is authorized to create new corporations to carry out these same functions.

Does not augment the present charter powers of CCC, although CCC probably had such broader authority before enactment of the present Federal Charter.

Under this Title, in its present form, and under the present Federal Charter, CCC would probably be unable to undertake programs such as the War Hemp Program, and the building of food processing plants and the Natural Cooler Storage.

TITLE IV (Cont.)

No recommendation. The question posed is whether CCC should have the authority to undertake such activities as those set forth in the preceding paragraph, or should CCC be willing to rely on other Government agencies such as RFC to do such jobs.

TITLE V DEFENSE FACILITIES
(Reviewed by R. W. Herder)

Permits the President to authorize government agencies to purchase, construct, loan, rehabilitate, export, convert and install facilities on government-owned land or elsewhere for production, processing and other services requisite to national defense. Government agencies could operate such facilities directly or by contract. U.S.D.A. and W.F.A. had similar authority during World War II under the Lend-Lease Act, and arranged for the construction of 56 plants. This Title is more complete than the Lend-Lease Act and provides broader authority.

No revisions of this Title appear necessary.

TITLE VI PRODUCTION LOAN GUARANTEES
(Reviewed by K. A. Brasfield and J. I. Thompson)

Authorizes certain Government agencies engaged in procurement to guarantee any financing institution against loss of funds advanced to finance any contractor, sub-contractor or other person in connection with the performance of any contract related to efforts designed to meet the necessities of national defense. The President is empowered to extend this authority to CCC. Any Federal Reserve Bank is authorized to act, on behalf of the guaranteeing agency, as U. S. fiscal agent in making contracts of guarantee.

U.S.D.A. did not exercise similar authority during World War II, but it did aid soybean and peanut processors in carrying inventories. The authority conveyed in this Title does not appear to extend to farmers, although something similar was provided to farmers by the Regional Agricultural Credit Corporation(s) through non-recourse loans.

No suggestions for changes. The program authorities and mechanics are thought to be appropriate.

TITLE VII SPECIAL AMORTIZATION OF EMERGENCY FACILITIES
(Reviewed by R. W. Herder

Permits the President to allow an income tax deduction for the amortization of that part of the cost of emergency

TITLE VII (Cont.)

facilities which was borne by the taxpayer. Similar authority existed during World War II as an inducement to those who provided emergency facilities with their own funds.

This Title appears adequate for the purpose.

TITLE VIII PRIORITIES AND ALLOCATIONS
(Reviewed by L. B. Taylor and F. M. Rhodes)

Authorizes the President to require performance under contracts in order of priority established by him and he may require acceptance of contracts by any person he finds capable of performance. Also authorizes the President to allocate materials and facilities as he deems necessary for national defense.

No suggestions for deletions or additions.

TITLE IX PLANT SEIZURE
(Reviewed by R. W. Herder)

Authorizes the President to seize a plant, mine or facility and operate it where he finds that it is failing to comply with a contract or order necessary for national defense. The owner shall receive just compensation, there shall be no interference with government operation, and the plant shall be returned to private ownership as soon as possible.

Similar authority was available during World War II in the language of the Selective Service and Training Act as amended by the War Labor Disputes Act. U.S.D.A. seized the meat packing plants just after World War II under the amended language which referred specifically to labor trouble.

Unlike the War Labor Disputes Act, the proposed Title IX contains no specific reference to work stoppages due to labor disturbance. While the language of the Title is probably broad enough to cover the point anyway clarification might be helpful.

TITLE X EXEMPTION FROM ANTI-TRUST LAWS
(Reviewed by K. A. Brasfield)

Under this Title acts or omissions to act, requested by the President and found by him to be in the public interest,

are not to be construed to be within the prohibitions of the anti-trust laws or the Federal Trade Commission Act. This authority may be delegated only to a single official of the Government.

No specific problems faced by the Department in this regard during World War II are recalled. The proposed authority appears broad enough to cover contingencies which may arise.

TITLE XI AUTHORITY TO REQUISITION
(Reviewed by Harold Hill and John I. Thompson)

Based upon his determination that: (1) property is necessary for national defense purposes; (2) there is an immediate need which precludes delay or resort to other sources of supply; and (3) all other means of obtaining such property upon fair and reasonable terms have been exhausted; the President is authorized to requisition such property or the use thereof.

No recommendations for change.

TITLE XII IMPORT AND EXPORT CONTROL
(Reviewed by L. B. Taylor and J. O. Malott)

Authorizes the President to curtail or prohibit the exportation or importation of materials to the extent necessary to promote national defense.

It is recommended that the authority for maintaining export and import controls on agricultural commodities be assigned to U.S.D.A. and that such authority define these commodities and the "products thereof." The proposed Title is silent as to the agency which is to administer these controls.

TITLE XIII CENSORSHIP OF COMMUNICATIONS
(Reviewed by G. R. McPherson)

Authorizes the President to establish censorship of communications crossing the U. S. borders or carried in any means of transportation and traveling to a U. S. port of entry.

Believed to be broad enough in scope of cover any eventuality.

TITLE XIV PRICE AND WAGE STABILIZATION
(Reviewed by Budd A. Holt)

Authorizes the fixing of maximum prices, rents, commissions, margins, rates, fees, charges and allowances in respect to all materials, services or properties and the fixing of maximum salaries, wages and other compensations for personal services. No class of materials, services, properties or persons are exempt or given preferred status. Also authorizes the purchase and sale of commodities without competitive bids and the making of subsidy payments. Industry advisory committees are permitted. There are extensive provisions for the administrative handling of protests and special emergency courts are authorized.

The main difference between this Title and the legislation establishing O.P.A. is that the former contains no special provisions regarding maximum prices for farm commodities.

Title XIV contains all of the powers needed to establish and enforce the price and wage ceiling phase of a stabilization program.

However, Agriculture may wish to make certain payments for increasing production which for various reasons it may wish to call "incentive payments" rather than subsidy payments. Also either of these payments might be made to processors and manufacturers for the benefit of producers. Accordingly, it is suggested that the term "or incentive payments" be inserted after the term subsidy payments in the eighth line of Section 1405 and the term "processors or manufacturers" be inserted after the term domestic producers in the same line.

TITLE XV EMERGENCY FOREIGN ASSISTANCE
(Reviewed by G. E. Tichenor)

Authorizes the President to extend material and financial assistance to the government of any country, or to any portion, group or organization of any country, or to any international organization. In order to extend such assistance the President may, with or without payment, lend, lease or transfer title to any military or civilian material owned or acquired by any agency of the Government. Pending appropriation of funds, the RFC, or other corporations established under Title IV, may make advances totaling not more than $1,000,000,000 to carry out the purpose of this Title.

There is a question as to whether Section 1504 of Title XV should be extended to authorize CCC to advance funds to accomplish the purposes of this Title, which as written

TITLE XV (Cont.)

limits such authorization to RFC and any corporation created pursuant to Title IV of this Act.

Section 1506(b) of Title XV does not specify whether its provisions are limited to U. S. citizens and whether personnel of the armed forces are included or excluded. No other suggestions or comments.

TITLE XVI RENEGOTIATION OF CONTRACTS
(Reviewed by K. A. Brasfield)

Authorizes the renegotiation of contracts in order to recapture "excess profits." U.S.D.A. is not specifically granted the authority but may be designated by the President as having it. USDA-PMA-CCC did not have such statuatory authority during World War II, but did provide it as a matter of contract between the parties in some cases.

This Title places authority for making rules and regulations in a Board. Section 1604 of Title XVI specifically provides for allowance of credit for Federal income and excess profit taxes in eliminating excess profits. This Section is silent regarding State income taxes. CCC has given cognizance to this factor. The intent of this Section with respect to allowance for State income taxes should be clarified.

TITLE XVII SELECTIVE SERVICE
(Reviewed by Arthur Holmaas and John T. Whalen)

Authorizes the President to cause the registration and induction into the armed forces of persons affected by this Title. Provides for registration of male citizens, and every other male residing in the U. S., between the ages of 18 and 46. Contains deferment exemption and re-employment provisions similar to those in effect during World War II.

Recommended that no changes be made in this Title.

TITLE XVIII EMPLOYMENT CONTROL
(Reviewed by Arthur Holmaas and John T. Whalen)

Authorizes the President: (1) to control all hirings for employment in an area or plant having an actual or threatened labor shortage; and (2) to limit or reduce the number of persons that may be employed by any employer subject to controlled hiring. The President may also:

TITLE XVIII (Cont.)

1. Establish an employment service.
2. Review and revise procurement and other production plans and activities under the control of Federal agencies.
3. Provide financial and other help for training persons to fill essential jobs.
4. Provide other related assistance and aid to alleviate labor shortages.

Recommended that no changes be made in this Title.

TITLE XIX SETTLEMENT OF LABOR DISPUTES
(Reviewed by Arthur Holmaas and John T. Whalen)

Authorizes the President to establish an Emergency Labor Board in consultation with the National Labor-Management Conference. In the event of failure to agree by the parties in a labor dispute, the Board shall order the wages and hours and all other terms and conditions governing the relations between the parties.

Recommended that no changes be made in this Title.

NATIONAL SUBJECT INDEX

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Comments on the Draft of the Proposed Defense Production Act of 1950 (S-3936 and H.R.-9176) and Comparison of this Bill with the Draft of the Emergency Powers Act (NSRB Document 44 Revised)

General

Despite the fact that the proposed Defense Production Act of 1950 does not include all the provisions of the Emergency Powers Act proposed by NSRB, it is apparently an "Administration" measure. There are some provisions in this measure which are not found in the proposed Emergency Powers Act. The Titles of the proposed Defense Production Act of 1950 are:

Title I Priorities and Allocations
Title II Authority to Requisition
Title III Expansion of Productive Capacity and Supply
Title IV Control of Credit and Commodity Speculation
Title V General Provisions

Generally speaking, the Defense Production Act of 1950 will authorize the President to take action in the present situation. The Emergency Powers Act would permit the President to take action in time of war or of national emergency proclaimed by the President and found by him to arise from the use or threat of force by a foreign power.

Title I - Priorities and Allocations

Authorizes the President to require performance under contracts in order of priority established by him and he may require acceptance of contracts by any person he finds capable of performance. Also, authorizes the President to allocate materials and facilities as he deems necessary for national defense. To this point this Title is the same as Title VIII of the draft of the Emergency Powers Act. This title of the Defense Production Act also carries a specific prohibition against the use of this authority to ration consumer goods at the retail level.

No change recommended.

Title II- Authority to Requisition

Based upon his determination that: (1) the property is necessary for national defense; and, (2) there is an immediate need which precludes delay or resort to other sources of supply, the President is authorized to requisition such property or the use thereof. To this point this Title is the same as Title XI of the draft of the Emergency Powers Act. The latter, however, also requires the President to determine that all other means of obtaining such property upon fair and reasonable terms have been exhausted.

No change recommended.

Title III - Expansion of Productive Capacity and Supply

Authorizes certain Government agencies engaged in procurement to guarantee any financing institution against loss of funds advanced to finance any contractor, sub-contractor or other person in connection with the performance of any contract related to efforts designed to meet the necessities of national defense. The President is empowered to extend this authority to CCC. To this point, this Title is the same as Title VI of the proposed Emergency Powers Act.

U.S.D.A. did not exercise similar authority during World War II, but it did aid soybean and peanut processors in carrying inventories.

In addition this Title authorizes the President: (1) to make provision for loans to private business for the expansion of capacity and for other purposes; (2) to purchase raw materials needed for national defense; (3) to make advance payments for same; and, (4) to transport, store and have such materials processed. The President is also authorized to utilize the RFC or any other agency or corporation of the Government, or to establish new corporations to carry out this Title.

No changes recommended.

Title IV - Control of Credit

Sub-title A - Consumer and Real Estate Credit

Authorizes the President to prescribe regulations governing credit similar to Regulation W., including controls over real property credit. Also, authorizes the President to restrict the existing housing loan guarantees, reduce the allowable amount of mortgages and the term which mortgages may run.

Sub-title B - Commodity Speculation

Authorizes the President to prescribe regulations as to margins for the purchase or sale of commodities for future delivery. Provides means for enforcing restrictions on speculations. Defines the term "commodity" as including any agricultural or forest product or by product. Also Section 412 of this Title amends Section 407 of the Agricultural Act of 1949 so as to authorize CCC, at the President's direction, to sell commodities at the current support price, if not below the market price, in order to stabilize the market and prevent undue price fluctuation and speculation. In this connection it should be noted that Secretary Brannon had some discussion of this feature on July 25, 1950, with Congressmen Hope and Pace. This discussion is summarized here:

Rep. Hope asked about the provision in H. R. 9176, the defense production bill, which would authorize sale of CCC stocks at support price instead of support price plus 5% plus reasonable carrying charges. The Secretary replied that it was intended as an anti-inflation device to be used at the discretion of the President. Rep. Pace strongly criticized this provision of H. R. 9176. He said it would be the first time the support program has been used to control prices, that it fixes the support price as the ceiling price, and that it would result in CCC's losing money even in the face of price increases. He also questioned the desirability of having such a provision considered by the Banking and Currency Committee instead of the Agriculture Committee. The Secretary replied that the implications of the provision were not as serious as had been indicated and that he was not in favor of breaking farm prices and, in fact, had been criticized for being on the high side in the farm-price question.

This Title, with the exception of Section 412, seems to be outside the present interest of PMA, and accordingly no suggestions are made.

Title V - General Provisions

This is a general Title, setting forth same purposes of the Act, defining terms, providing for subpena of witnesses, books and records needed in enforcement of the Act, etc. There are two Sections of this Title which are of interest to PMA. They are:

Section 508 - which permits acts or omissions to act, requested by the President in the public interest to be exempted from provisions of the anti-trust laws or the Federal Trade Commission Act. This Section is similar to Title X of the Emergency Powers Act.

No changes recommended.

Section 510 - which permits the President to employ persons in Grades 16, 17 and 18 without regard to limitations on the number of such Positions as set forth in the Classification Act of 1949.

No changes recommended.

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